DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
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COMMODITY EXCHANGE INC.

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141 W. JACKSON BLVD.

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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

January 3, 1949

There was not much grain news over the New Year's Holiday. A cold wave seems to be headed for a major part of the grain belt, but it should be preceded by pretty general snows and high winds, and thus there is not muchapprehension with respect to the winter wheat crop. January is ordinarily a month of low temperatures and we have been rather fortunate up to now that we have had a period of mildness, so that the amount of winter kill or abandonment should not be heavy based on conditions to-date, even though many areas have not had much protection from snow. The Northwest reports that there had been fairly heavy offerings of wheat, but this was not the case Southwest, based on overnight reports. It is going to be very interesting now to see whether the farmers continue to sell on a heavy scale. The weakness which we had at the end of last week could be attributed mostly to selling on part of producers, and, of course, there is still plenty of wheat left in the country. Therefore, much depends whether we shall have fairly large receipts at terminal markets, and also, the trade will be watching to see whether the redemptions are big, because on basis of the last government report we might have as much as 250 million bu wheat impounded in the loan when the December 31st data has been compiled.

Within a few days the President will give his report on the State of the Union and very likely agriculture will be mentioned. One of the important factors consists of the price support program, which undoubtedly will be taken up by the 81st Congress at an early date. Thus there are many uncertainties to face and nobody can have very strong convictions until more is known about these various policies.

This is ordinarily the time when Southern Hemisphere pressure becomes more of a factor, and for that reason January 10th is designated as a period when often declines set in. By that time many of the mills slow down for inventories, but this year may not follow the general pattern, as the milling demand has been more or less from hand to mouth, and it is figured that operation, if anything, might show some improvement. It is reported that some much needed rain has fallen in the Argentine, which is too late for wheat but should benefit the corn crop. Last year's production was 220 million bu, and during a nine-month period they exported 65 million bu. Chances are that the new crop which was sown on about the same size acreage as last year will not exceed 200 to 250 million bu and will not be ready for harvest until next April. Up to now prices have been held very high, and they are about 78¢ dearer than U.S. corn both figured on an FOB basis. However, that country cannot long continue to be independent, as surpluses gradually are built up throughout the world. Even a country like Canada is beginning to encounter some difficulties, according to news dispatches, and we believe that there is more concern over the future. Since August 1st, they have exported only 76 million bu wheat and flour, which leaves a balance of 242 million bu for export and carryover, or about 45 million bu more than a year ago.

When the visible supply of wheat was posted there was a decrease of only 127,000 bu, which leaves 125 1/4 million bu wheat in all positions, or 12 1/2 million more than was on hand last year. Chicago stocks were slightly lower, with nearly 3 million bu left at this market. The total corn visible showed an increase of 2 1/2 million bu. There is now 46 million bu in all locations compared with 34 1/2 million bu last year. Chicago stocks are declining and there is now 10.8 million bu left here. The total oat visible decreased 407,000 bu leaving only 10 1/2 million bu in all positions compared with 12 million bu last year. Chicago has less than a million bu in spite of a slight increase this week.

Markets after some hesitancy firmed up on a statement by Senator Thomas who presumably will be Chairman of the Senate Agricultural Committee. He claims that he will introduce a bill to continue 90% of parity supports and to establish a vast stockpiling program of non-perishable products that could absorb surpluses for the next 4 or 5 years. He also hopes to establish a ten-year parity base of 1919 to 1929 which apparently is higher than the base period now being used. This brought some short covering into the market during which wheat showed more strength than corn but there seemed to be relative firmness all around. Later reports claimed fair selling of warehouse receipts southwest.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 4, 1949.

The weather forecast yesterday was very promising for rather general snows over the winter wheat belt, preceding the drop in temperature. However, the moisture came mostly in the form of rain and was heavy over Central Kansas, amounting to more than 1 1/2 inches at Wichita and nearly half as much at Hutchinson. However, much of Oklahoma was skipped, and there was little in the Texas Panhandle; therefore, this occasioned some disappointment. There was a mild snowfall over northwestern Kansas and considerable over the Dakotas, while rainfall was rather heavy over eastern portions of Nebraska, Kansas, and the Central States.

Weather apparently is not too much of a factor at this time, and the trade is awaiting news from Washington as to what likely legislation may be passed, particularly with respect to price support programs. Some indication may be had tomorrow when the President makes his report on the State of the Union, and will undoubtedly make recommendations on various agricultural matters. We are somewhat behind in getting figures as to the total wheat loans. The farmer can no longer avail himself of the loan for wheat which was raised during 1948. However, it is considered quite likely that total impoundings may be close to 250 million bu, in addition to which there is unquestionably also a fair amount of wheat under purchase agreements. The question then arises as to whether any of the loans will be called prior to April 30th, or whether inducements will be made to get some of this grain actually into government hands. In the past CCC waited until after the period of April 30th when either repayments were made or actual defaults occurred. But with the vast export program suggesting the heaviest shipments in the history of the country, with probably close to 500 million bu wheat and flour involved, together with 200 million bu feed grains it may either be necessary to step into the open cash market and make purchases on a big scale or else take advantage of wheat which later may fall into government hands. With that great uncertainty facing the trade it is naturally difficult to come to definite conclusions as to the relationship between old and new-crop positions. In any case, July and September wheat are selling at levels that may be considerably under next year's loan price unless there is a drastic decline in parity. So much confusion exists that maybe it is well to point out that regardless of future legislation, the 90% of parity loans are still applicable for 1949. If the loan were established now on basis of December parity, it would be about $2.25 Chicago. This is only about 4¢ less than last year's loan, and, therefore, it is bound to restrain too much bearish activity even assuming that we are going to get another banner winter wheat yield on the 61.3 million acres that have been sown. An 8% increase was undoubtedly in response to the very satisfactory price levels which had existed, and, therefore, should be no surprise, although a slight decrease in acreage had been sought.

A good many traders feel that the new-crop futures are relatively cheap and if the carryover reserve ranges somewhere between 275 and 325 million bu, domestic users will take only what they actually have to have, realizing that after the next harvest supplies may be obtained for less money. It is quite a different situation from that which existed two years ago when our carryover was reduced to 83 1/2 million bu, and there was no other stock of wheat behind it, which might be sold by the government in case of a close adjustment. According to the present interpretation of the law, sales of defaulted wheat by CCC may be made when the price is 90% of parity.

Primary receipts of wheat were 895,000 bu compared with 1,180,000 bu last week, and 1,828,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 73,000 bu.

There was a little firmness displayed early on the expectation that Italy would take five cargoes of flour. However, milling demand domestically is poor and bookings very moderate. On the other hand the country is not selling much wheat and the only area that we believe is the exception is the Northwest where some warehouse receipts are being liquidated. The volume of trade in general is light, although CCC is making pretty heavy purchases and yesterday they bought over a million bu wheat through their Kansas City Regional Office, and 650,000 bu in Minneapolis. They also purchased 110,000 bu corn, but the general buying program in corn is not at all aggressive, and this is giving us a rather indifferent market.

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CHICAGO, 4 January 5, 1949

There was nothing in the overnight weather to cause either comment or concern. There apparently were heavy blizzards over many parts of the West, which delayed travel and commerce, but snows on the whole were not in the important winter wheat sections, nor does there seem to be any further moisture in sight as far ahead as one may observe. Foreign crop advices mention snow over Western and Central Europe, which has been favorable for winter crops. Partial rains received in the South should also be of benefit. Up to now acreage reports have been meager, although it is generally believed that the sowings will be either equal to or in excess of last year. In Italy, the condition of wheat is satisfactory, with plantings probably a little bigger than a year ago. Russia reports seasonable weather, and it must, therefore, be assumed that snows have provided some protection. We are coming to the point now at which Australia will be more of a competitor and it has been emphasized that her wheat yields were favorable and some anticipation that the final outturn may be a little bit bigger than earlier expected, but as an offset to this Argentine reports are very pessimistic.

When our market opened prices were very firm, and this was especially true of the deferred deliveries probably for the reason that there is more pressure toward restoring 90% of parity loans through new legislation, thus cancelling the Aiken Law, which would provide for a sliding scale, ranging from 60 to 90%, depending upon crop production and other factors. Of course, there will be many arguments in the Congress, and nobody can be sure whether these changes will become effective. Apparently those in Washington who discuss these matters take it for granted that it is merely an academic question whether the loan should be low or high and that the main consideration is the extent of benefit that the farmer deserves. Apparently it is not yet recognized, despite the many debacles in other parts of the world that there can always be secondary consequences if loans are kept too high or unrealistic so that finally ownership of the grain falls to the government by default.

Country selling was not at all heavy and in the Northwest they claimed only about half the quantity that came out yesterday while in the Southwest it was very quiet and very few warehouse receipts were being offered. Against this Commodity Credit Corporation is still a big factor, and they purchased 665,000 bu wheat through their Kansas City Regional Office, but no corn was acquired. The corn market, however, was rather firm, despite the fact that export business is slow in getting under way. However, it is figured that gradually more aggressive buying will occur. The Italian flour business was smaller than had been expected-only 2 cargoes were purchased, and we believe that the business would have been heavier except that ocean space seems difficult to obtain.

Primary receipts of wheat today were very small, and amounted to only 242,000 bu which we believe was the result of bad weather. This compared with 435,000 bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 54,000 bu.

At noon our time the President made his eagerly awaited address on the State of the Union, in which he asked for $4 billion in additional taxes, which was not unexpected. He also stressed the need for a national farm program, which would be not only in the interest of farmers, but for a lasting prosperity of the whole nation. To bring this about, he believes there must be abundant farm production and parity of income for agriculture, and that the standards of living on the farm should be just as good as anywhere else. He asked for price support legislation to be adapted to the objective of preventing farm price declines which are out of line with general price levels to facilitate adjustment in production to consumer demand, and to promote good land uses. He feels that proper price supports are essential if agriculture is to prosper, and also claimed that the CCC should have power restored to it for the building of elevators to take care of large crops. He further asked for authority to regulate Commodity Exchanges in order to curb excessive speculation.

At one time there was a little recessinn, possibly due to the optimistic state reports from Kansas and Nebraska, but there was no sustained weakness, and apparently everything is being considered to prevent sharp declines of farm produce which may restrain those who might otherwise feel bearish.

The corn market was rather firm, there seemed to be little pressure, and bookings from the country are lighter. While supplies at terminals have been built up it is felt that these are necessary to take care of export business, which will gradually be consummated.

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CHICAGO, 4

January 6, 1949

There was not much in the overnight news that was very decisive. The trade is still pondering over the President's message, but very likely agriculture is not the first item on the agenda, and for the balance of 1949 the 90% of parity loan will be effective. Therefore, farmers have no reason to feel that any immediate sharp declines are in sight regardless of statistics or supply and demand factors. It is true that prices generally have declined considerably from their peak, but the farmer is a pretty able thinker, and he recognizes that in years of heavy production he cannot get the same returns as in years when we have crop failures. Consequently, he must be more than well satisfied having raised 6 1/2 billion bu wheat, corn, and oats to get as much as he is at this time, not to speak of a bumper soybean crop on which the price is likewise high. Hogs and cattle have also declined somewhat, but it is now profitable to feed, and we note that the corn-hog ratio at Chicago is 14.2, a slight improvement over last week, and this compares with only 10.6 last year. For this reason one may expect that a large amount of corn will be fed, and for the moment country marketings are not burdensome, but on the other hand government buying for export has been on a much smaller scale than was generally anticipated.

The government denied that it had any immediate intentions of calling wheat loans early, claiming that January and part of February commitments to Europe had already been taken care of; so there was no necessity for getting larger supplies even though the law permitted the government to call wheat before April 30th if it were needed. Yesterday CCC purchases were somewhat smaller in Kansas City, with 245,000 bu wheat acquired, but there was 350,000 bu spring wheat bought through the Minneapolis Regional Office, together with 50,000 bu oats. Thus these are elements that contribute some strength to the market, for it keeps wheat from going into other consumptive channels if the government were out of the market.

Before the war, the largest single importer of wheat and flour was the United Kingdom, often taking half the European requirements. This year the U.K. from August 1st to end of November imported 93 million bu grain compared with 56 1/2 million bu the same time a year earlier. Most of this comprised wheat and flour although there was 16 million bu barley, and 8 million bu oats, together with 15 1/2 million bu corn imported. The imports of each grain individually are larger than the year before. Apparently the British feel quite independent, and they have not agreed with Canada on a price for next year. Canada, of course, looks at the high levels existing in the United States, and the farmer in Canada is jealous that he is not getting as much as his brethren on this side of the international line. However, Britain sees a gradual return to normalcy, and being such a big importer may insist on some reductions which may bring hardships upon Canada and may finally even react on conditions in our country, except for the fact that such a big proportion of our grain is still being sold abroad on credit. The whole world wheat situation is gradually adjusting itself, and advices from Europe are to the effect that we are gradually heading towards world food surpluses. Undoubtedly this would be brought out more clearly if we did not finance our wheat on liberal terms, thus creating a reserve overseas, or if the world wheat prices were a free expression of actual supply and demand conditions.

Primary receipts of wheat were a little better today and amounted to 880,000 bu compared with 770,000 bu last week and 1,399,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 23,000 bu.

The wheat market during most of the session was inactive and rather uninteresting. There was no particular trend and at times we had moderate recessions, probably for the reason that flour business was not too active, although some was booked by the Army and there was a slight pick-up noted in domestic orders. However, there were not many hedges lifted but there seems to be very little pressure on new crop futures, probably for the reason that the distant months are selling at a price considerably under the likely loan for next summer. There was not much feature in corn either although a little buying on recessions, and the nearby future was relatively firm, but trade in all pits is on a reduced level, while in soybeans there is still quite a turnover and the latter market is meeting support on moderate recessions.

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CHICAGO, 4 January 7, 1949.

While new agricultural legislation and policies have not as yet been defined, there is apparently some attention being given to the stockpiling of wheat and corn. It is intimated that the suggestion is to build up a reserve of 400 million bu wheat and a billion bu corn stored primarily on farms in portable bins through the grain belt. Looking at this situation objectively it would seem that it is a case of putting off "the evil day thereunto," and that whenever this objective is obtained drastic reductions in acreage and production would have to take place in order to put our producers on a more or less domestic basis either through major curtailment of production or through a radical decrease in support programs. As long as the loan price remains around present levels, the incentive to the farmer is to raise wheat for the loan rather than for consumption. There are uncertainties in trying to control production. No one yet has been able to devise a method of altering weather, the amount of moisture, and other elements which play the all-important part in determining crops each year. We have seen from past experience relatively large production on smaller acreages, and vice versa, small production on larger acreages, although better seed and improved farming procedure have probably eliminated some of the risks that used to be formidable in the biblical days when there were supposed to be seven years of plenty and seven years of famine. Famine has never existed in this country, and in the past we have always been able to adjust ourselves to either a small or large corn crop. This particular cereal was raised mainly for home consumption, which will undoubtedly again be the case when there is restoration to more normal conditions in other parts of the world.

Farm storage is also not as simple as it sounds. There are many inherent hazards. The keeping quality of grains that are put into steel bins depends mainly on weather conditions during the growing season, and at the time of harvest. It is true that at one time steel bins were erected, and corn stored in same with very little loss. But it so happened that the period during which this was done weather was extremely propitious --the corn going into the bins in dry condition. If we are not mistaken, the Agricultural Department has at sometime or other outlined zones showing where farm storage is more hazardous than other sections. Generally speaking it is less hazardous in the Northwest, running into more difficulties as warmer and more humid zones are reached. Considerable difficulty has been encountered on farm and country storage of wheat this year in the Southwest. In the corn producing areas farmers showed no desire to store heavy moisture corn. Even in the large terminal elevators where every modern method is used to keep grain in condition, difficulties have been encountered in handling wheat this year, and stocks have had to be watched like a child with fever. It is an art, and a highly specialized business to take proper care of grain stocks.

With reference to international conditions, exports from other countries are lagging, and the program of this country seems to be carried on at the expense of some other exporting nations. Australia has just announced a guaranteed initial price for the 1948-49 wheat crop at $1.07 per bu, bulk, FOB the ports. This is an increase of 7¢ over the previous season, but shows again how controlled prices in an economy eventually give the producer less income than a free and open market. The farmer in Australia is receiving actually over a $1 a bu less than those in the United States.

Primary receipts of wheat today totaled 747,000 bu as compared with 639,000 bu last week, and 1,417,000 bu the comparable day last year. So far this week, Kansas City and Minneapolis stocks show a decrease of 111,000 bu, and when the visible is posted on Monday, it will compare with a decrease last year of 2,928,000 bu.

President Truman's Economic Report did not have any specific recommendations for price supports on farm products,stating that existing and proposed farm legislation should be re-examined.

All pits were under pressure today. There did not seem to be any particular news. Milling demand is still quiet, but the markets act tired, and apparently discouraged longs are seeking the sidlines. Do not feel that declines can go very far and that eventually the government's export program on corn will be of a supporting nature. While the Chicago Office of CCC announced a cent higher on their corn basis, this just about offsets the increase in freight rates, which is expected to be effective as of January 11th.

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CHICAGO, 4

January 10, 1949

Delegates from eleven countries have decided to hold a conference in Washington on January 25th to negotiate a new International Wheat Agreement. Representatives from the United States, Britain, Canada, Australia, Egypt, India, France, Belgium, The Netherlands, Luxembourg, and Brazil will be present, and consideration will be given to the handling of exports for a five-year period, according to the initial program adopted in Washington early in December. Attention will be given to the fact that world exports of grain and grain products, exclusive of rice, for the year ended June 30, 1948, totaled 34.6 million long tons, nearly all of which was for direct human consumption, and it is interesting to note that this compared with 28.2 million tons, the prewar average, and an all-time record of 40.6 million tons in 1928-29. Consideration will also be given to the fact that the United States acreage for winter wheat is 5% larger than last year's record. The estimated acreage is one-fourth greater than the ten-year average of 47.6 million acres. The Department of Agriculture forecasts a winter wheat crop of 965 million bu, and if we have an average spring wheat crop next summer, wheat production for the third year in succession might exceed the 1 1/4 billion-bu mark. Of course, there are some offsets. The Argentine crop turned out very poor, and will probably be 100 million bu under the previous harvest. While wheat-maturing weather in Australia favored harvest, their crop is reckoned to be about 190 million bu, which is very large on basis of normal but yet is about 30 million bu below last year's bumper yield. The pre-war average production in Australia was about 170 million bu.

Before our market opened this morning weather reports were regarded as very favorable, and there had been considerable moisture over southwestern sections; not too heavy in parts of Oklahoma and the Texas Panhandle, but yet there was relief in the dry sections, and indications point to further precipitation tonight or tomorrow. This did not cause much concern marketwise, probably for the reason that liquidation last week had been quite heavy, and during this process the May delivery lost more ground than July, narrowing the spread to about 15¢. We feel, however, that with impoundings heavy there may yet be some tightness in the old-crop position, particularly if some of the figures from Washington are anywhere near correct. It was claimed that the last-minute rush to get wheat under the government program swelled the figures, although we have nothing official yet to show how much was under loan, as of December 31st. One authority claims that USDA officials predict that total wheat under loan or purchase agreements may run as high as 340 million bu. That, of course, might be more than the carry-over reserve will be on July 1, 1949. In that case, of course, it would mean that redemptions would have to be heavy in order to have enough grain for domestic requirements.

When the visible supply of wheat was posted there was a shrinkage of slightly over 2 million bu. Total stocks in all positions are 123 1/4 million bu, or roughly 13 1/4 million bu more than was on hand last year. Chicago stocks decreased 295,000 bu, leaving 2.7 million bu here. In corn, the increases are slower now, and 197,000 bu was added to the total making 46 1/4 million bu, which is 35 million bu more than a year ago. The Chicago corn stocks decreased 899,000 bu to slightly under 10 million bu. The total oat visible decreased sharply, leaving only 8 1/2 million bu in all positions against slightly over 10 million bu last year.

Our markets were very firm, but yielded some ground at times because of the weakness in oils and fats. There was, however, buying on recessions, and when these recoveries took place May wheat gained some on the deferred futures, possibly in sympathy with a little strength in the cash wheat market. Flour sales are now in larger volume, although business is not too good. The CCC bought 515,000 bu Friday in the Southwest, and 110,000 bu spring wheat in Minneapolis, but the corn business is still light. They also bought some wheat in Chicago and a good quantity of corn. There seems to be confidence that corn business will continue large.

After the close the government will publish farm stock figures for the various grains. Not too much attention was paid marketwise to the President's budget message.

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CHICAGO, 4 January 11, 1949.

After the close of the market yesterday the Department of Agriculture reported on farm stocks, disclosing that the amount of corn held by producers amounted to 2,520 million bu, a record high for this date. A year ago the total was 1,506 million bu, but, of course at that time we had suffered a virtual crop failure. Therefore, the increase this year was not surprising because some traders held to the view that feeding operations might not have been as heavy as had been hoped for in view of the gradual reduction in corn prices to a more normal level, and also, favorable feeding ratios. We forget very quickly what happened prior to the war but in looking at the ten-year average crops in this country from 1931 to 1940, we find that our corn production averaged only 2,339 million bu, which, of course, took in the drought years, and the one very small crop of 1,449 million bu in 1934. In any case, there is more corn left in the country now than we used to raise during that period, but, of course, other conditions have likewise changed, and with an increased population and people eating and living better, no doubt the demand for meat has likewise required heavier production of feed grains in order to conform to these changes. Also, during the present crop-year it is assumed that we may export 150 million bu, which was not the case during the earlier period.

Wheat stocks on farms total 381 million bu compared with 428 million bu last year and 334 million bu the ten-year average. If again we look at the average wheat production during the ten-year period, 1931-40, we find that only 738.4 million bu was raised at that time, and quite a different story from the billion-bu crops which we have had now for five successive seasons. It is rather difficultto come to any accurate conclusions on the wheat situation until we get the country mill and elevator stocks later in the month. There is definitely less wheat left on farms, which was not unexpected, as our crop was smaller. The visible supply is a little larger but not a great deal more, and we presume that the commercial visible will be up in about the same proportion. We are convinced, however, that the secondary reserves in theother two places must be very big even with the exports that have been taking place, and there seems to be little reason to assume that we shall find it difficult to add about 100 million bu to the carryover based on all known data.

When our market opened this morning it was influenced to some extent by the fine moisture reported over most of the southwestern districts. Many places in Oklahoma which had been deficient up to now told of sleet and snow with a good many of the rural roads impassable. Most of the schools in one area were closed, and apparently there has been a good deal of moisture with likelihood of more to come. This would ordinarily have quite an influence on July and September wheat, representing new-crop positions. Some parts of Texas had an inch or more of moisture, but the trade is giving consideration to the support levels for next summer, and it looks very much with the 90% loan still in effect as though there would be a holding tendency, which, naturally restrains speculative selling at this time. Furthermore, May wheat is feeling the effect of small country marketings, plus daily CCC purchases, which, of course, are bound to be an influence even at a time when domestic milling demand is only of fair proportions.

Primary receipts of wheat were 835,000 bu, much the same as last week when they were 895,000 bu, but considerably less than last year at 2,361,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 25,000 bu. A fairly good volume of flour was sold yesterday and overnight, although there seems to be some resistance at the slightly higher levels.

In any case, May wheat seems to be gaining a little again on the new-crop futures, and the premium basis is holding firmly. We doubt whether much corn was sold today to the CCC through the Chicago office, but it is generally felt that export business is bound to be a factor. With that in mind the May corn delivery is ruling at a fairly good premium over July. Added export allocations are looked for for fats and oils, including additional quantities of soybean oil. This had a stimulating effect on the soybean market, which in turn also influenced a higher closing in wheat and in corn.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 12, 1949.

Before our market opened this morning the trade was given some figures by the Department of Agriculture showing that exports for the first six months of the season were at an all-time peak. These shipments were stated on basis of long tons, and we interpret it to mean 271 million bu of wheat and flour, which would compare with 256 million bu a year earlier. Corn and corn products accounted for 23 million bu, oats and oat products 11 1/4 million bu, barley and malt 15 million bu, grain sorghum 18 million, and rye only 1/4 million bu. The total would add up to 338 million bu of all grains compared with 324 million in 1947, and 197 million bu during the same six months' period in 1946.

Despite a fairly steady decline in the price of farm products since harvesting record crops last summer, the agricultural situation is still very sound. Farm income during 1948 continued the climb which began in 1939; the value of marketings was estimated at $31 billion, which was 3% more than in 1947. This was due in part to total production, which was slightly higher than the year before, because crop prices averaged about 4% lower than in 1947, while production was up 10%. In the same analysis we find that livestock prices averaged 9% higher, but the output was down 4%. Production expenses increased even more than cash receipts, so that 1948's net income will be somewhat lower than in 1947.

There had been a report late yesterday that additional allocations might be granted for fats and oils, including soybean oil, but Washington neither confirmed nor denied this. As a result there was some hesitancy in soybean prices even though cottonseed oil opened somewhat higher before our market started.

The trade is anxiously awaiting to see how much wheat was finally placed under the loan. Farmers had until the end of December to make application, but there is generally a three weeks' lag before the government gets its data assembled, although we hear some stories that over 300 million may have been impounded. If that would be the case, it would comprise practically the entire carryover reserve, which is expected to be on hand on July 1, 1949. It would also mean that redemptions would have to be heavy in order to take care of domestic requirements before the next harvest. At the present time, there is some wheat being liquidated by farmers, and our reports from the Northwest were to the effect that the country purchases had been very good. This brought some hedges into Minneapolis May wheat, and there may have been some selling in Chicago as well.

The large quantities of corn back on farms are considered in some quarters discouraging, and suggest the possibility of a big carryover next November. It brings to mind that feeding operations have not been too heavy, and now with the blizzards over the middle-west there are bound to be some losses to livestock from recent snows and zero temperatures. In fact, the weather has been about the severest ever experienced in many parts of the country. Wyoming was one of the hardest struck states; it is claimed that cattle losses might run as high as 10 to 15% in that area. It will be difficult to gage this accurately until the huge snow drifts melt later on. Other states claiming losses include Colorado, the Dakotas, Montana and Nebraska.

Primary receipts of wheat amounted to 481,000 bu compared with 242,000 bu last week and 949,000 bu last year. Kansas City and Minneapolis stocks show a total decrease of 186,000 bu so far this week.

Flour business appeared to be slowing down although some hedges were taken out against this business but apparently had only moderate market effect. Stronger cash market in Kansas City likewise failed to bring in much buying. This is not the season of the year when ordinarily higher prices are to be expected. Broomhall's weekly crop review claims favorable conditions being reported over most sections of the European Continent, although some eastern areas would benefit from rains. Snow-covering is spotted. France's acreage is 9 1/2 million acres, or about the same as last year with weather favorable, while Italian crops are mostly under snow. German crops went into the ground under favorable conditions but little is known about Russia. Corn had a fairly good undertone, and apparently there were some sales to CCC with elevators here lifting hedges against that business. Soybeans were somewhat lower.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 13, 1949

Total agricultural production for sale and home consumption during 1948 was larger than in any previous year. For example, it was 38% above the prewar average, (1935-39), and slightly greater than in 1947. Of course, crop production was nearly 50% larger than in the 1935-39 average period, and 10% above the previous year. During January it is expected that farmers will probably receive around $2.4 billion for marketings, which is 12% less than they took in during December, and 4% below the receipts in January a year ago. The Office of Foreign Agricultural Relations was out with an article late yesterday calling attention to the fact that the world food situation was brighter and it disclosed that unusually favorable weather was in large part responsible for last year's improvement in food and feed harvests. It went on to say that further material improvement depended primarily upon a continuation of both agricultural and industrial recovery in war-torn and politically unstable countries. However, several nations, particularly those in Europe, have been able to increase rations of most essential foods, and to even remove some from rationing entirely. Europe's output for 1948-49 consumption is expected to be 15 or 20% larger than for the previous season, and within 3% of the average prewar period. This high production level apparently has been brought about by greater use of cereals and coarse grains as food, and we have little doubt that the supply of meat is still used in a most sparing way. Supplies of fats and oils are increasing but slowly, and quantities available for international trade are still much below prewar. Meat and milk production is slowly returning to prewar levels, but is being retarded by the necessity for the rebuilding of herds and by the feed shortages and high labor costs.

The CCC continues its buying program, and 105,000 bu were acquired in the Southwest, while in the Northwest purchases were confined to barley. However, their Kansas City regional office bought 900,000 bu of corn in the period ended noon Wednesday; we saw evidence of this in the market yesterday, but it looked as though business today were more quiet, as we saw very little evidence of any appreciable business. As a matter of fact, the cash corn market was weaker, and this may have caused a little liquidation at times. The flour business has also slowed down; some of the mills are reporting almost a total absence of bookings, and apparently the trade resisted higher prices which we had a few days ago. The overnight export business was slow, although foreign claimants are reported to be showing a little more interest.

Primary receipts of wheat amounted to 718,000 bu compared with 880,000 bu last week, and 1,649,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 329,000 bu.

Trade was rather slow today, no particular feature except at the start mills apparently had covered some hedges in wheat, but when this was completed markets seemed to sag some, and there were scattered selling orders in both wheat and corn, with indications that the country was selling corn a little more freely, particularly from Iowa districts. The spot basis was weakest for wet corn; we also found that the spot basis on oats was about 1¢ per bu lower, so there was no particular buying incentive, with the result that there were losses all around.

The May delivery of wheat seems to be holding a little better than the distant futures, probably for the reason that the outlook for next year's winter wheat crop is still exceptionally good. Many points have been cut off because of wire service owing to the storms, but this time we believe moisture has been very general, and some of the reports covering the last three or four days are extremely optimistic.

In fats and oils, there was also a decline; lard was lower on liquidation in the January delivery, while soybeans sagged. Apparently new buyers are operating very cautiously on the long side of the market, possibly awaiting new incentives.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 14, 1949

Ever since the farm stock report came out the other day indicating about 2 1/2 billion bu corn still left on farms, we have had relative weakness in the market. Everyone knew from the start, having raised 3,651 million bu, that there would still be big reserves on hand three months after harvest, but still there seems to be some disappointment in that disappearance for the first quarter was not heavier. Furthermore, more attention now is given to the fact that production this year was 53% larger than in 1947. Likewise last summer's crop was about double some of the smaller ones that were raised during the drought period. On the other hand, the number of cattle on feed for market in the United States on January 1st was 19% larger than a year ago, and in fact, the largest on record, according to BAE. The estimated number this year of 4,548,000 head compared with 3,821,000 head a year earlier and 4,278,000 head, the average in the 1943-47 period. Chances are that we will make fairly good inroads into existing corn supplies, and in the meantime should not be surprised to see very heavy quantities impounded under the loan, but as far as the export takings are concerned, this depends largely on the attitude of the government and on days when they become inactive the market seems to feel the lack of support. The trade also seems to be in a little more bearish mood, with the persistent talk that elevator space should be built either for the farmer or by the government in order to take care of surpluses. This brings up the question as to how long it may be before we shall be faced with mounting supplies even though possibly temporarily withheld from the market. Even during the Farm Board Era when most of the wheat was tied up under government purchase, it had a rather bearish influence for the reason that people knew that some day this grain would be re-sold and, of course, it worked out just that way.

The Foreign Agricultural Circular calls attention to the fact that a substantial recovery in European food production and continued large crops in North America and Australia have considerably relieved food shortages of the past three years. They also say that supplies of most essential food products are now approximately in balance with demand at present price. 1948 was a very big year for world agriculture, and production of wheat and rye amounted to 209 million long tons compared with 193 million tons in 1947 and 204 million before the war. The combined production of coarse grains, including corn, oats, and barley was estimated at nearly 262 million long tons, which was 18.5% above the 1947 harvest and well above prewar production of 232 million tons. Thus it is argued that even with increased population the world over we are gradually getting into a more favorable position. All this is having a reasonable influence on markets at this time, despite some of the artificial stimuli which are being overlooked.

Primary receipts of wheat amounted to 763,000 bu compared with 747,000 bu last week and 1,168,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 569,000 bu.

There was a fair amount of selling early, and we heard reports that producers have sold a little more wheat up in the Northwest than heretofore. However, this is not true of all districts, and some of the merchants in Minneapolis claimed that their overnight purchases were light; elsewhere a rather brisk business had taken place. There was also some talk that farm-stored wheat was being sold, but this is doubtful, because the roads have been blocked due to the heavy snows and it is a question of whether the country elevators could take in much wheat under these conditions. In any case, there has been some hedging business, suggesting a little freer movement all around, but on the break our market encountered buying, and we had a fairly good reaction.

Mills still report a poor flour business; nothing much was sold overnight for export, and cables from the U. K. indicate that the government was not yet prepared to buy its quota of flour. Italians and other claimants are also inactive for the time being.

In corn, we believe that Commodity was in the market, and this brought some buying orders into the pit. Despite the fact that it looked very dull yesterday, we have now learned that Kansas City purchases of Commodity wheat amounted to 120,000 bu, together with 425,000 bu corn, and 50,000 bu beans. In the Northwest, Commodity bought yesterday 40,000 bu spring wheat and 25,000 bu barley. While these quantities are not large, they are nevertheless a sustaining factor, and must not be overlooked.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 17, 1949

There had been some moisture in Texas over the week-end, and the forecast is for some more in parts of Oklahoma, which is very favorable. We believe that the past week has brought considerable relief to some of the dry areas, and we saw some data from one of the Amarillo, Texas newspapers stating that crop complexion last week had changed over a wide area from dry to snowy wet, and that a check of weather stations in thirty-seven tri-state counties revealed pretty good moisture totals, running from a low of .16 inch to as much as 3 1/2 inches, but quite a few counties were favored with considerable precipitation. Moreover there is not much cold weather in sight for the grain belt.

There was a little more bearish news with an announcement that ECA had cut off flour and wheat shipments to China, and vessels afloat will probably be diverted to other localities. This, however, will handicap the export program and will also tend to give us a larger reserve at the end of the season. While we have heard from some authorities in Washington that next year may again witness rather large grain shipments from here, there seems to be some doubt. This is for the reason that European production is gradually getting back to a more normal status, and agricultural production is being pushed in order to bring about self-sufficiency in food as far as possible. According to one authority, England is planning to raise food and feed production 50% over the prewar average by the 1951-52 crop-year when the Marshall Plan is due to end. Any such accomplishment would bring production 15% above the big war year 1943-44. It is also stated that France, mindful of its one-time near-famine, is seeking to produce more bread grains and more feeds for livestock in order to build up a secure food supply. Other countries have also undertaken a similar program, and this all had a somewhat bearish construction by our trade, although there were some offsets. For example, crops in India need rain and are already beginning to suffer. Some of the native food crops last year were damaged by floods, and imports are necessary with that country taking wheat and corn from the Argentine in exchange for jute. It was also claimed by one member of the press that export allocations of fats and oils, which include soybeans would be 6 1/2 million bu rather than a figure of less than 2 million bu, which was publicized on the broadtape here Saturday. When this was circularized, it had a strengthening effect on the market, which in turn helped other grains, as it was felt that recent liquidation had probably been thorough enough for the time being.

Argentine grain shipments last week were in excess of 3 million bu, or one-fourth less than last year. However, only 658,000 bu was shipped, and the total since the first of the year amounted to 1 3/4 million bu, a reduction of a million bu from last year. A good part of the shipments from that country comprises corn, and since April 1, 1948, they have exported 69 million bu compared with 82 million bu the year before. Not much attention is being paid these days to Black Sea exports, although 3/4 million bu was handled through ports the past week, which brings the total of all grains close to 21 million bu since the 1st of August. The British and Russians have not yet agreed on any new terms for more shipments of Russian wheat and coarse grains, but in the meantime ECA dollars have permitted Britain to secure some Canadian flour and American wheat with apparently no strings attached.

When the visible supply of wheat was posted, there was a large decrease amounting to 4.6 million bu. This reduces total stocks to 118 1/2 million bu, but still leaves us with 12 3/4 million bu more than we had last year. The corn visible decreased 1.3 million bu. There is a little less than 45 million bu in all positions compared with only 11 1/2 million bu last year. A small decrease in oats brought the total U.S. visible down to nearly 8 million bu compared with 9.3 million bu last year. At Chicago, there were decreases all along the line. There is still 2 1/2 million bu wheat here, 9.1 million corn and only 692,000 bu oats.

After mid-session, all markets became easier and there was moderate selling. The fact that cattle prices were lower may have induced some liquidation in coarse grains, while in wheat the milling demand is still very slow and inquiries are limited from both large and small bakers. The trade seems to have covered for the time being and there is no incentive to reach out for later needs. While mill operations are at a fairly good pace, the prospect for the future does not seem too encouraging. There was no special selling in wheat, although commission houses were predominantly on the selling side of corn. On the other hand, cash interests were buyers and it was assumed that a fairly large quantity of corn had been sold to CCC. Oats were weak and the cash basis was somewhat lower.

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CHICAGO, 4

January 18, 1949

Secretary of Agriculture, Charles F. Brannan, has issued invitations to representatives of farm organizations, the wheat industry, Congressional committees, and interested government agencies to advise the U.S. Delegation to the International Wheat Conference called for January 26th in Washington. The Conference is being convened for the purpose of negotiating an international wheat agreement. We should like to state at the outset that the objectives of the last agreement were "to assure supplies of wheat to importing countries and markets to exporting countries at equitable and stable prices." These were certainly commendable objectives; but then there is the question of price stability and equity, which involves the whole field of commodity prices, labor costs, taxes, rate structures, etc. It was such a complicated problem to be solved by agreed international prices for wheat that the trade had its doubts as to whether satisfactory solutions might be reached. One of the first obstacles was the fact that the agreement was so unrealistic at the start. According to the pact we were to ship only 185 million bu wheat while actually we had intended to ship between 400 and 500 million bu. Had the pact gone through surpluses would have accumulated at home and many European nations might have starved. We appreciate that the intent of such an agreement is to afford wheat farmers some protection under the domestic price-support program to make it a second line of defense both pricewise and by way of forestalling production controls. However, the difficulty is that almost any of the importing countries may escape their obligations under the agreement if they can make a case for safeguarding a balance of payments or monetary reserves. Unquestionably many of the European countries could make such a case, particularly those which are recipients of the Marshall Plan, and, indeed, at the present time some of Canada's large exports of wheat and flour to Britain are being financed by these same Marshall dollars. Therefore, it could not be argued that the wheat agreement assured export outlets to this country. We hope, however, that in reconsidering the various factors some of these defects will be taken into account.

It is also to be hoped that both Argentina and Russia, along with her Danubian satellites, will be urged to go along and to play their part in the world wheat trade as they have in the past. The danger always is that if the present large demand for wheat should subside, their activities outside the agreement are certain to cause endless confusion and difficulties. Hope has been expressed that an agreement would assure supplies to importing countries and that they in turn would then reduce wheat acreages. From what we read in the various official and unofficial reports, it is doubtful if anything will come in that direction unless definite commitments or undertakings can be obtained from the countries concerned. As one of our friends points out, the largest Montana wheat farmer has just returned from North Africa where he apparently had been assisting farmers in their efforts to increase wheat production. Probably one of the greatest difficulties is to reach agreements in an attempt to forecast prices and price ranges over a long period of years. Another trouble is that even at the start there is too much difference of opinion between buyers and sellers. In the marketplace these conflicts are resolved by the check book but in state trading they would only contribute to international ill will.

Primary receipts of wheat amounted to 1,120,000 bu. This compared with 835,000 bu last week and 1,448,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 75,000 bu.

We are advised that flour business is almost at a standstill and there are quite a few complaints from mills that even small orders for new business are coming in slowly. Apparently there will be no PMA buying this week and the only other export interest is by Italy. There were a few hedges apparently taken out of the market against sales to Britain, but still there was considerable weakness earlier in the session by discouraged holders. After liquidation had run its course there were some recoveries and while sentiment is still quite bearish we cannot get away from the fact that CCC purchases are a stimulating factor, but it remains to be seen how much wheat has been placed under the loan and how much may be redeemed at about current levels.

There has been considerable moisture over the Southwest with more to come, and we would say that the crop outlook at this time is almost perfect.

Bookings of corn are light but government buying is not at all aggressive.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 19, 1949.

Just by way of review we started the wheat season on July 1st with a carryover of 194.8 million bu, and raised a combined winter and spring wheat crop of 1,288.4 million bu, which gave us total domestic supplies of 1,483.2 million bu. The Department of Agriculture forecasts that the domestic disappearance for the season will amount to about 703 million bu. This is made up of 500 million bu, probably needed for bread, cereals, etc., about 93 million bu for seed, the increased amount being due to heavier acreages that are being planted, and feed has been reduced to 110 million bu. This would include wheat used in commercial feed, as well as that fed on farms other than where grown. To some this may seem like a heavy reduction fromother years, but, of course, with the tremendous corn crop it seems to be a conservative figure. In any case if we follow the government figure, it becomes apparent that we would have 780 million bu for export and next carryover. Nobody can tell at this time whether export shipments will be as heavy as were at first planned, but in any case it is quite obvious that without the tremendous outlets to Europe we would have had very burdensome reserves, and apparently this is the reasonthat those charged with theheavy responsibilityof trying to prevent excessive supplies from being accumulated, are looking into the question of an International Wheat Agreement, particularly in the years ahead when the demand from abroad will be much less than at present. In any event we cannot count forever on raising these bumper crops, and if we should raise 1 1/4 million bu wheat again next summer, it would be the sixth successive year that we have had crops beyond the billion-bu mark. As we have pointed out so often, only once before in history: namely, 1915, did that occur. However, it is likewise a fact that high prices and small acreages are a contradiction, and as long as the farmers seem well satisfied with the returns they are getting, it stands to reason that their response will be big acreages, which in turn lessens chances for smaller crops unless we have drought/or other deterrents.

There was not too much news to influence our market early in the session. Weather seems to be clearing after rather heavy moisture, which visited many of the southwestern areas. In the Central States and East of here, snowfall was mild, but yet there was some protection before the lower temperatures which are apparently in prospect. Thus there was no particular alarm with respect to the winter wheat crop, and the trade was only reviewing some of the factors of the past few days in an attempt to figure out the future. It is generally assumed that the "heyday" as far as the surplus countries are concerned is over, and certainly the ease with which foreign sales were made all during the war and since will undergo a change as soon as European recovery is more fully established.

Crop conditions over most of Europe continue fairly good, and most sections have reported adequate moisture, although some Eastern areas would benefit from additional rains. Acreage figures are incomplete but trade sources indicate that sowings have been somewhat larger in the aggregate than last year.

CCC continues to be a factor almost daily and yesterday they purchased 130,000 bu wheat through their Kansas City Regional Office, also 245,000 bu corn and 265,000 bu beans. At Minneapolis they purchased 500,000 bu corn, which was the second day that these acquisitions have amounted to quite a little. They also bought 50,000 bu spring wheat and 35,000 bu rye.

Primary receipts of wheat were very light and amounted to only 348,000 bu compared with 481,000 bu last week and 854,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 366,000 bu.

After some hesitancy our markets showed an improved undertone, although flour milling business is poor, and domestic sales are small and scattered. Large handlers seem to be very little interested. There was some short covering in lard, and in cottonseed oil, which brought about higher markets. This in turn was an influence on soybeans, which also responded to a better sentiment.

The CCC reported that their purchases of corn at Chicago yesterday amounted to 2,875,000 bu increasing their total purchases to-date to 22 million bu for this one office alone. This gave us a better corn market and the advance in the yellow cereal also brought about somewhat higher prices for wheat.

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CHICAGO, 4

January 20, 1949

The last monthly review of the Federal Reserve Bank in Minneapolis gives a rather interesting comment on wheat, too long to state here in total, but there are at least parts that are of extreme interest. They refer mainly to spring wheat in the Ninth District that is covered by this institution, and call attention to the fact that the price of wheat has averaged from $1.50 a bu in 1945 to $2.40 in 1947. However, in 1948, the price averaged about $2 a bu to the farmer compared with a prewar average (1935-39) of 81¢. They show that even in 1940 when a fair crop was harvested net income of an average producer of spring wheat was less than $1,200. In that year, however, the average price per bu was only 71¢. In 1947, the average wheat price to farmers in the Ninth District was $2.40 a bu, and the net income of a typical spring wheat producer was estimated by the U. S. Department of Agriculture at $9,225. While this may seem big, producers of winter wheat in the southern plains area netted $14,342 on the average. 1948 may have netted the farmer somewhat lower prices and higher costs, but yet extremely attractive incomes. This publication also points out that there has been a pronounced trend in the last several years toward larger wheat farms, almost complete mechanization, improved wheat varieties, and better farming methods. Because of these changes costs per bushel of wheat production have been greatly affected and as a result margin of profit in years of average crop yields has been particularly favorable to wheat producers. They further state that farmers have been quick to recognize this situation, and have accordingly expanded their acreage. Without crop controls, and with only average yields, farmers are, therefore, likely to continue to produce 400 to 500 million bu wheat in excess of domestic requirements. Before the war this authority states that our wheat exports averaged less than 50 million bu annually, and efforts to subsidize wheat exports were stiffly resisted by other surplus wheat producing countries, and even by some wheat importing countries that were trying to become more self-sufficient in food production.

We point out these factors and also the background because it will be important when considerations come up to determine whether an International Wheat Agreement can be successful or whether there will be considerable resistance by both importing and exporting countries. There are about thirty-three importing countries that will presumably participate, together with two other known exporting countries, and possibly the Argentine, although the latter refused to become a party to the Agreement when last discussions took place. Canada and England have agreed on a $2 price for the last year of their Wheat Pact. This decision had long been awaited.

There was nothing very important marketwise before the session opened. Weather was wintry but termperatures not abnormal for middle of January. However, rising temperatures are in prospect, with the possibility of further snowfall in the Southwest, which should be very beneficial.

Primary receipts of wheat were rather small and amounted to only 439,000 bu, but many of the roads Southwest are impassable. This compared with 718,000 bu last week and 1,211,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 473,000 bu.

Trade was not particularly heavy but wheat was influenced by the slow flour demand, and even export business was extremely limited. Probably for these reasons and because of the slow demand generally, there was selling on bulges, and the market had a rather heavy undertone.

In corn there continues to be quite a little government business. They purchased yesterday 700,000 bu in the Northwest, 130,000 bu in the Southwest, and practically 1 3/4 million bu through the Chicago Regional Office. This gave us some firmness and we believe there was evidence of further covering of hedges in the pit today. Bookings of corn from the country were light, and it looks to us as though gradually the supplies that have accumulated at terminals will be reduced to smaller proportions. There seems to be no injury from the severe weather that we have had lately. It is stated that snow, sleet, and ice that covered most of the Mid-West was not injurious to winter wheat. Since soil was unfrozen at the time of precipitation, most of the moisture was absorbed and, therefore, beneficial to fall-sown crops.

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CHICAGO, 4

January 21, 1949

In connection with the International Wheat Agreement, which will come up for consideration probably within a week or so, we feel it a duty to call attention to the controversial issues involved even between Canada and the Mother Country with respect to prices to be paid in 1949-50. This matter was settled yesterday. These two countries have always worked closely and harmoniously and had agreed that the price would be settled not later than December 31, 1948. However, it has taken all this time to come to a final conclusion. When Mr. Gardiner, Canada's Minister of Agriculture, was in London many months ago, he presented certain proposals to the British government relating to his ideas of price but Britain was unable to accept. At a later time Britain's views were submitted to Mr. Gardiner, and they in turn were presented to the Canadian government. It was then reported that Canada's final proposals had been cabled to London, and for a long time there was no acceptance, so that one could only assume that a state of deadlock existed. Full details are not available, but Mr. Gardiner made the following point during the negotiations: "(1) The wheat contract situation is complicated by the fact that neither the British nor the Canadian government has any clear idea what the world wheat market might do next year and cannot know whether the world wheat price will remain above the British contract price of $2 a bushel. (2) Negotiations had centered on the compensation clause of the agreement wherein Britain agreed that, in fixing prices for the final two seasons, she would 'have regard to' the difference between the contract and the world price in the first two seasons. (3) There were two proposals: (a) A cash payment to be made by Britain to Canada. (b) An extension of the contract beyond 1950 'thus giving the Canadian farmer a measure of security and stabilization.'" We are passing no judgment as to whether a hard bargain has been driven by Canada or whether Britain had a sufficiently stable dollar position to be able to pay such prices, but we have stated these facts at length to show the difficulty that may be encountered when thirty-six countries have to come to similar conclusions for a five-year period, and it certainly presents great problems in trying to have a hard and fast agreement, with so many uncertainties ahead and numerous interpretations demanded by various countries in the event of changing and unforeseeable circumstances.

Before our market opened this morning, there was very little news of important market character. Moisture over the Southwest has been quite satisfactory, although there are still some sections in the extreme western portion of Kansas that may complain of insufficient snow-covering in the event that subzero temperatures continue for a time. On the other hand we never have a perfect condition at this time of year, and, therefore, often have to look forward to heavy abandonment or winter killing during the periods of severe temperatures. Nevertheless, with a winter wheat acreage of 61.3 million acres, the outlook is still extremely good. Little apprehension is being felt, although bearish sentiment is somewhat restrained, as far as the new-crop futures are concerned, for the reason that regardless of ultimate legislation we are still going to have a fairly high loan level next summer, and these artificial factors cannot be ignored.

Reports coming to us from the Argentine are certainly not encouraging, and their wheat harvest must have been one of the poorest in recent years. Their total crop will probably not be over 4 1/2 million tons at the outside, and after deducting enough for home consumption and seed it would leave only somewhere between 37 and 55 million bu for export, plus possibly 37 million bu carried over from past crops. The total surplus under these circumstances would not exceed 75 to 90 million bu, and, therefore, Argentina is not going to be much of a factor in the coming year, and possibly this will have some bearing as to their attitude for the future, although they are still exacting very high prices for almost everything that is sold, and chances are that when they come into more of a surplus condition they will become more export-minded again. Since August 1st, only 18 1/4 million bu wheat has been shipped from that country compared with 44.8 million bu the average during the five years, 1931-35.

Corn felt the effects of continued government buying. Yesterday's business was over 2 million bu through Chicago, making a total of 26 million bu for the season. They also purchased 700,000 bu at Minneapolis and 270,000 bu at Kansas City. Markets apparently were oversold and there was general short-covering, which was particularly impressive in beans, with the latter showing a sharp advance from the previous session. Flour business is still poor, in fact, almost at a standstill.

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CHICAGO, 4

January 24, 1949

The world food crisis has eased and Europe is now enjoying a substantial improvement in their food situation. During the past year Belgium de-rationed milk, sugar, cereals, and cereal products; Czechoslovakia has increased its bread, cereal, and sugar rationings; Denmark abolished rationing of wheat, while rationing of fats and oils was increased in Finland. Potato rationing was discontinued in the German Bi-zone last summer; Hungary is enjoying larger portions of flour and bread; Italy discontinued the rationing of olive oil and sugar; The Netherlands has abolished rationing of cereal products and milk; Sweden abolished rationing bread, cereals, and cereal products; France is eliminating bread cards and Belgium has recently decided not to buy any of its current quarterly allocations of coarse grains from the United States. This decision on part of the Belgian government, however, was more of a protest against the restoration of Commodity Credit Corporation's export monopoly on December 1st of last year, due to the fact that private industry is unable to operate on a competitive and satisfactory basis under government controls in other countries. Broomhall in remarking on the situation states that in his opinion the time for government control of bread grain and livestock feed is drawing to a close, and expresses himself as follows: ''Directly one big surplus country withdraws export controls and allows merchants to do business in the usual free manner, others will follow and more reasonable prices will prevail.'' Australia has an indicated surplus for export and carryover of 146 million bu, which is about equal to the previous season. However, comparatively small quantities of the new crop have been contracted for export business, while last year at this time the bulk of the surplus was absorbed by contracts with the British and India.

In the U.S. prices of hogs and cattle have declined materially, although this has yet not been felt too much by the consuming public. Eggs have declined in price and fats and oils, which have been among the scarcest of commodities, have suffered severe declines.

The export program still remains a moot question, and according to a press dispatch the Senate Farm Bloc has called the Secretary of Agriculture before it this morning in closed session to determine whether the administration approves the present long-range farm program as voted by the 80th Congress; secondly, if the administration opposes a continuation of the war price-pegging program at 90% of parity; and thirdly, whether the administration favors a nation-wide system of elevators, warehouses, and other storage facilities erected at government expense. These and other questions are evidently being placed before Secretary Brannan.

With the past few days both Russia and Argentina have signified their intention of having representatives attend the Wheat Conference to be held to again consider the question of an International Wheat Pact. This does not mean that these two countries will be signators of an Agreement, but at least they intend to sit in on the deliberations. Undoubtedly the great stumbling block will be the fixing of the price range for wheat. The last proposed Agreement, which was never ratified, set the wheat range between $1.50 and $2 a bu. With wheat production now in surplus, there undoubtedly will be great pressure on part of the importing countries to lower floor prices, and particularly those countries which are finding currency difficulties. If the price should be set too high, there no doubt will be an urge for the countries who are short dollars to attempt to become self-sufficient and thereby limit their imports.

Primary receipts of wheat totaled 1,046,000 bu compared with 1,035,000 bu last week, and 1,787,000 bu last year. When the visible supply was posted this morning wheat stocks showed a total decrease of 4,006,000 bu; the total is now 114,587,000 bu, which is 12,305,000 bu larger than a year ago. The corn visible increased 1,359,000 bu. Chicago stocks of wheat decreased 235,000 bu, totaling 2,296,000 bu, while corn increased 319,000 bu, making stocks in this market 9,424,000 bu.

Flour business remains quiet, although there was a slightly better inquiry over the weekend. However, interest is still lagging. The CCC announced its purchases of corn for the period ending Friday of 4,715,000 bu, of which approximately 4,435,000 was by the Chicago office. Their corn purchases are causing hedges to be lifted in the Chicago market, and are imparting some firmness to that cereal.

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CHICAGO, 4

January 25, 1949

After the closed session of the Senate Agricultural Committee yesterday, Chairman Elmer Thomas announced that the Secretary of Agriculture outlined to the Committee a plan to hold down this year's planting of wheat and cotton crops. Of course, winter wheat is already in the ground, and the acreage is very large, but the Secretary apparently is planning to serve notice on wheat and cotton farmers that the 1949 crops will not be considered part of their average production in figuring any future acreage allotments. Undoubtedly many winter wheat farmers with the attractive loan price have planted all available acreage for this year's harvest in order to have the maximum acreage when curtailments are demanded. Large acreages are always the result of high prices.

Broomhall in commenting on the situation in the Argentine draws attention to the fact that out of a surplus of about 144 million bu during 1948, she shipped only 80 million bu in the form of wheat or flour; therefore, retaining or dissipating at least 64 million bu at a time when the world demand was great, and when very few importing countries had enough wheat to mill a good quality loaf. It represents a great misuse of our Southern neighbors monopolistic powers, and is indicative of great problems that arise when the control of prices remains in the hands of one person, or relatively few, against the conditions that exist when millions of buyers and sellers meet in open markets. This is no doubt one condition with which the World Wheat Conference will have to contend. Naturally, the importers' and the exporters' views are different. It is rather difficult to visualize that any compromise could be worked out fair to both sides, and it is further difficult to visualize that if world conditions warrant lower prices than set forth by a Wheat Pact, the importing countries will go through with their agreement and not try to seek the cheapest supplies possible, particularly in view of the unstable world currencies and the lack of dollars in most importing countries.

At a recent meeting of the Academy of Political Science, held in November 1948, the subject was "Food" and a series of addresses and papers were presented by some of the leading grain economists in the country. One of the papers was read by Prof. L. J. Norton, Professor of Agricultural Economics at the University of Illinois, from which we quote in part as follows: "It will be very unfortunate for both producers and consumers in this and other countries if the world's trade in agricultural products is allowed to be tangled up by the complex system of price supports, allotments, rationing, bilateral trading, international agreements, which were a product of the depression of the 1930's, and of the war and post-war difficulties. In the period of full world production which I envisage in the years ahead in the absence of war; these things should be allowed to die out as they always have in the reasonably favorable periods in the world's economic history. I have little confidence in a better world which some people think that they can create by planning the details of this or that operation which had better be left to the choice of the millions of producers and the two billion consumers of the world and a vigorous privately operated marketing and distribution system."

Broomhall reports that conditions over most sections of the Continent continue favorable with moisture adequate, except in parts of the Southeast, although milder weather is causing some concern in a few countries. The general feeling among foreign grain people who are visiting in this country is that Europe is much more independent so far as food supplies are concerned, and this no doubt will present a problem for this country. It was announced today that the French government had instructed its grain agency to resell 14,000 tons of American corn, which was afloat, and 3,000 bu of milo, as well as some barley, and corn headed from other countries as livestock feed in France has become burdensome.

Primary receipts of wheat today totaled 616,000 bu vs 1,120,000 bu a week ago, and 1,323,000 bu last year. So far this week wheat stocks at Kansas City and Minneapolis show a net increase of 5,000 bu.

Markets lack any constructive leadership, and when the Chicago office of the CCC withdrew their bids on corn, but asked for offers, it further injected a bearish feeling, although later in the session they did pay a higher premium for lower moisture corn. Corn has been declining despite the fact that for the week ended January 21st the CCC purchases of corn had amounted to 16 million bu, and have been rather heavy since that time.

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CHICAGO, 4 January 26, 1949

Formerly when all wheat statistics were available we were able to figure the supply and demand, and arrive at definite conclusions. These figures were at our disposal at all times, but the situation now is different, and certain guess work must enter all calculations. At the present time in order to see the picture there are two imponderables - the amount of wheat which has been placed under the loan, and the amount which will be purchased by the CCC during the balance of this crop season. There seems to be quite a lag this year in releasing figures of the amount of wheat which was impounded as of December 31st, which was the last day to apply for loans. The amount that is being withheld from the market is quite a determining factor in trying to estimate the free supplies between now and June 30th.

As far as the activities of the CCC, we also have to do some assuming. When the January-March allocations were issued for wheat and flour they totaled 108,891,000 bu of wheat, which would bring the season's total to the end of March to 413 million bu. Since that time there have been additions and cancellations, but we are assuming that it stands around 420 million bu. The official exports to December 31, 1948 were 270 million bu, which would leave a balance of 150 million bu scheduled to be shipped during January, February and March. According to the U. S. Department of Agriculture, total purchases from July 1, 1948 to January 21, 1949 amounted to 203 million bu of wheat, and 26 million bu of flour in wheat equivalent, or a total of 229 millionbu. In addition to these purchases the CCC had a stock of approximately 56 million bu last July 1st, which they had purchased in anticipation of this crop season's requirements. The private trade had been given certain allocations - part of which were cancelled, when the government took back the handling of exports as of December 1, 1948. We presume that the trade's share has been somewhere around 40 million bu. This added to the holdings of the CCC would bring the total to about 325 million acquired on this year's wheat and flour export program. To this amount should be added what was handled by the trade in the form of flour; figuring it at 25% of the quarterly allocations it would be in the neighborhood of 25 million bu.

We, therefore, arrive at the figure of 350 million bu up to January 21st, and if we deduct this amount from the allocations of 420 million bu, outlined above, it would appear that there is still 70 million bu to be bought by the CCC or the PMA in the form of flour. This would carry the program to the end of March, still leaving the month of April to be accounted for, and even part of May before the defaulted wheat loans would become available to the government.

At the moment the CCC is not very active in acquiring supplies in the Southwest. Their price has been held steady for some time at 27¢ over Kansas City May, basis the Gulf for January shipment; for February, it is 2¢ less, and for March a still further reduction of 2¢. While the milling demand is extremely quiet, when they are in need of supplies they bid a few cents over the government's price. The CCC no doubt will acquire wheat in the Northwest, as well as the Pacific Northwest, but their price in the Southwest is lower than the loan redemption value.

Primary receipts of wheat today totaled 469,000 bu versus 439,000 bu last week and 740,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 297,000 bu.

There seems to be some divergence of opinion being expressed at the International Wheat Conference, with the British Delegates suggesting that there be a substantial reduction in the new price scale, while delegates from this country feel that due to increased costs of production in the United States, the maximum price of $2.00, as suggested at the last conference, should be raised.

There was again some very splendid moisture in the Southwest, and more seems to be in the making. There is very little activity in the cash wheat markets in the Southwest. CCC purchases through Kansas City are very small. The markets today acted as though the most urgent liquidation, at least temporarily, had run its course.

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CHICAGO, 4 January 28, 1949

After the close of the market yesterday the long awaited figures were released from Washington on impoundings and purchase agreements. If anything, these figures exceed most of the guesses which had previously been made. Approximately 235 million bu were actually impounded under the loan, and about 108 million were covered by purchase agreement, or a grand total of around 343 million bu, which is equal to or more than the expected carryover at the end of this current season. So far there has been no intimation from Washington that any action will be taken to call loans. There is always a possibility that the government organization may try to get possession of the wheat under purchase agreements before April 30th, particularly as one of their objectives probably will be to reduce the amount held back on farms and in country storage in anticipation of the movement of the new crop. The figures show that of the loan about 54 1/2 million bu were on farms as at the close of last year. There is no way of estimating the location of the purchase agreement wheat as it could be stored in any position, but must be of loan quality at the time the government takes it over. Again the government controls more or less the price level which will exist between now and the early part of May at which time they will actually come in possession of defaulted wheat.

According to our computations the CCC still has about 70 million bu of wheat to acquire to complete the allocations for the first quarter. Should this program be carried out, plus the daily requirements for domestic use, the amount withheld from the market under loans or purchase agreements could cause a rather tight cash situation until withheld supplies are available.

Further wonderful snows have been received throughout the Southwest, and conditions are certainly as bright as any time during the last seven years for comparable time. With 61 million acres planted, we have the possibility of another banner crop of winter wheat, and unless there should be some change in the economic picture it seems evident that the next June 15th parity ought to show some recession. We appreciate fully that new crop months are selling under the probable loan value, however, in the table below we give the low of Chicago September wheat compared to the Chicago loan value during the July-August period from 1938 through 1948, eliminating several of the war years and the immediate post-war period:

	Wheat loan basis Chicago #2 Hard	Discount Chicago September wheat under Chicago loan value	
1938	$ .77	17	Under
1939	$ .80	19 5/8	"
1940	$ .81	14 1/8	"
1941	$1.15	12 1/4	"
1942	$1.32	16 1/2	"
1943	$1.42	5/8	Over
1948	$2.29	11 3/4	Under

Primary receipts of wheat today totaled 503,000 bu versus 504,000 bu last week and 926,000 bu last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 522,000 bu. When the visible supply is posted on Monday it will compare to a decrease last year of 5,357,000 bu.

The President of the Argentine has accepted the resignation of Mr. Miranda, who acted in the capacity of President of the Argentine National Economic Council. This may possibly be the forerunner of a change of policy in that country. In some quarters, they believe there is a chance that trading in coarse grains may be resumed before long and it may also mean the end of exorbitant prices which that country has resorted to the past few seasons.

The early part of the sessinn there was strength expressed in all pits but apparently there is no follow through with any sustained buying power. Locals still predominant in the trading, and when they sold out the latter half of the session, weakness developed in all pits. There was also fair selling on the bulges on the part of commission houses. Evidently it is going to take an increase in the tempo of actual cash buying to impart real strength to the markets. CCC acquired only 50,000 bu of corn through their Chicago office yesterday. We do not believe they were very active today. The Kansas City office, for the period ending Thursday noon, reports 315,000 bu corn purchased and only 124,000 bu wheat. On the other hand conditions of the roads throughout a great section of the Middlewest are blocked and offerings are light.

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CHICAGO, 4 January 31, 1949

Weather seems to be rather seasonal over the Central States, but in the Deep South very low temperatures have set in, but yet there are no complaints of any importance stressing damage to the winter wheat crop. Extreme quiet prevails in cash markets, and the same is true with respect to flour business, with practically no inquiries. All this creates a period of almost complete indifference as far as speculation is concerned, and it is rather difficult without much of an issue to inspire new buying.

The trade was given some figures last week showing tremendous quantities of wheat still available in this country, although when these are analyzed it shows that with probable exports which will take place we are gradually eating into our surpluses, and that by next April 30th when the loans become due, there will be only small quantities of free wheat available for industrial purposes. At the present time we note that a total of 343 million bu of wheat is either impounded or under purchase agreements. This was the figure as of December 31, 1948 although with better prices early it is possible that some redemptions may have taken place, so that the quantity may have been reduced to some extent. In any case, congestion is likely, particularly if the government does not call loans prematurely. They have given us reason to believe that never having taken that step previously, they do not anticipate doing so this season. Furthermore, statements accredited to a Washington official make it clear that it is still the hope of exporting 500 million bu of wheat and flour during the current crop season, and if certain difficulties arise due to transportation that the fourth quarter exports may make up for any delays occasioned during the third quarter of the crop year. Thus even though we finally have a reserve stock on July 1, 1949 of some 300 million bu, a very large percentage may be tied up under loans. Thus, nobody can become too bearish at this time, despite statistics and other considerations.

Chicago stocks of wheat continue to decline and they were reduced 129,000 bu last week, leaving a total of 2.1 million bu at this market. Corn showed an increase of 254,000 bu so there is still 9.6 million bu here, and a fairly good quantity unless export business should become more aggressive. We have no doubt but that corn prices would be firmer except for the fact that the quality was such an important factor this year. Until the last few days we have had such mild temperatures that corn could not cure properly, and as a result the offerings to market were much heavier than otherwise might have been the case. It is quite doubtful in our opinion whether farmers would have sold as freely had they felt that the corn was of good quality so that it could be kept on the farm in order to obtain the loan which was much more attractive than the market price. On the other hand, elevators have been working diligently trying to reduce the moisture content of the corn, and it is now felt that the May contract may continue at a carrying charge, which is the reason for the relative weakness of the May delivery as compared with the July.

We hear little yet from Washington with respect to the International Wheat Agreement except that representatives from more than 50 nations, including those from Russia and Argentina, are not in agreement as to what the price should be. Of course, in trying to establish a fair evaluation five years ahead of time it is not an easy matter, particularly as the importing countries are mostly short of dollar exchange and want to drive price levels downward. This also comes at a time when the foreign crop situation looks to be more favorable.

When the visible supply of wheat was posted there was a decrease of more than a million bu reducing the total stock to 113.4 million bu against nearly 97 million bu last year. Corn increased 798,000 bu making a total of 47 million bu, or 31.8 million greater than last year. Oats decreased slightly. A stock of 8 1/2 million bu is about in line with last season.

Trade was not spirited in either direction. However, there was some selling on the advances and with little new buying power wheat prices declined. This, in turn, had a somewhat depressing effect on other grains.

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CHICAGO, 4 February 1, 1949.

The U. S. Department of Agriculture announced there would be no corn acreage allotments for the 1949 production, and that no corn marketing quotas would be in effect for the marketing year beginning October 1, 1949. This action was taken under the provisions of the controlling legislation. The AAA of 1938, as amended, directs the Secretary of Agriculture to make necessary determinations, and to issue proclamations with regard to corn acreage allotments not later than Febrary 1st.

We do not believe anybody was very much surprised over this action. As a matter of fact, it does not necessarily mean that the farmer is going to put in a very large acreage. Last year, the acreage was the second smallest in fifty years, despite the high price, but of course the weather was propitious, and with the improved Hybrid seed, big yields were obtained so that finally a bumper crop was produced. The government action now wants to insure continuous and stable supplies in the interest of both producer and consumer. This apparently was done with the idea of being able to carry on our export program so that livestock herds in Europe might be rebuilt. Apparently the government also hopes to build up a stockpile at home against those years of drought, flood, or other adverse conditions. Evidently the government is mindful of the possibility that there may be a carry-over as large as 700 million bu when the 1949 crop comes in, and a possible production of 3 billion bushels next Fall. They are, apparently, looking forward to an acreage of about 86 million acres, with a yield of 34.6 bushels per acre to obtain those results. However, a yield of 34.6 bushels would be considerably below the all-time record of 42.4 bushels in 1948, which was a level exceeded only twice in United States history. The government figures that domestic uses would be somewhat over 3 billion bushels, and they are now allowing for 150 million bu for export.

The trade construed this news in a somewhat bearish vein, and there was liquidation, particularly of the May contract, which had a depressing influence all along the line. There was also some selling of soybeans today, possibly in response to further information given to the trade on stocks presently on hand. As of January 1st, we had 180 million bu, which compared with 141 million last year. Farm stocks were given at 75 million bu, interior mill and elevator stocks at 37 million bu, commercial visible at 15 million, and the amount held by processing plants at 53 million bu.

Weather did not have much influence on today's markets, but as a matter of fact, it is not considered likely that much damage may be sustained, except possibly to vegetables or citrus fruits. By this we mean that no concern is being expressed with respect to the winter wheat crop, and July wheat today was relatively weak, although May wheat was more influenced by the possibility of a tight situation later on if 300 million bu or more remained in the loan. The milling demand is not particularly good, and apparently general confidence has not been restored. The inquiry is extremely light, and this is true both of domestic and export business.

Primary receipts of wheat were very light today, and amounted to only 468,000 bu which compared with 616,000 bu last week, and 965,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 32,000 bu.

There seemed to be a rather depressed feeling today, and apparently around mid-session stop-loss orders were uncovered, as the market declined further. This precipitated a rather sharp break, particularly in corn and in beans, but naturally other cereals were affected. There seemed to be only moderate commission-house buying, and only about 180,000 bu of wheat was bought by the CCC through their Kansas City regional office yesterday, while buying of corn is not at all aggressive, although we are told that the shipping situation at the Atlantic is somewhat improved, and possibly this may be a forerunner of greater activity. In any case, liquidation has been pretty thorough, and at the present time it looks as though corn were selling about 20¢ per bu under the loan here in Chicago, which should not encourage short selling, but it may take time yet before confidence is restored.

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CHICAGO, 4

February 2, 1949

Before our market opened this morning we learned that supplemental allocations had been granted for fats and oils totaling 105 million pounds for the' January-March quarter of 1949. This consists of 35 millionpounds each of cottonseed oil, soybean oil, and lard. The department officials state that this became possible because of availability of somewhat larger supplies of edible fats and oils thanhad been anticipated when the original determinations were concluded. It had a somewhat stimulating effect for a time, but apparently liquidation had not run its course, and a few moments after the opening sharp price recessions took place.

We now learn that as of December 31st, 6.4 million bu soybeans were placed under loan, and in addition to this price support agreements accounted for an additional 4 million bu, so that a total of about 10 1/2 million bu has been temporarily taken out of the market, but, of course, one must also recognize that we raised the largest crop on record this year, production having reached 220 million bu, so that for the first time inhistory we surpassed China's production, and previously that country was the largest producer of this cereal. It is really an amazing achievement because in 1929 we were a very unimportant factor in the field, and twenty years ago our crop amounted to about only 9 million bu, but now we have nearly 10 million acres under cultivation. Illinois, with a yield of 24 bushels per acre, will raise well over one-third of our domestic crop, although Indiana and Iowa have also had exceptionally big returns. The trade likewise seems to be a little timid, fearing that the bulk of what was raised will be available for commercial purposes, and yesterday the government showed that the January 1st stocks were practically 180 million bu, which was the greatest amount we have ever had at that date, exceeding the previous high mark on January 1st, 1943 by about 10 million bu; those stocks were likewise one-quarter larger than the quantity held a year ago. There is still about 75 million bu held back on farms, while processing plants are holding 53 million bu all as of January 1st, although we find a record consumption for the October-December quarter, and a very small carryover reserve from the previous crop. It is likewise possible that the disappearance will continue on a very heavy scale. We are convinced that Germany would much prefer to have 20 million bu of beans than 100 million bu wheat, for the reason that they are short of oils, while carbohydrates are rather plentiful on account of the potato production.

The interesting thing about beans is that we hardly ever have an important carryover from one crop to the next, even though production has gone ahead by leaps and bounds.

As far as weather is concerned, there was nothing of a very important nature. Somewhat higher temperatures are in prospect, and some snows are forecast for western sections of Kansas and Nebraska, which would, of course, be helpful although there seems to be little complaint now on this question, except for isolated localities.

World corn production, due largely to the big crops in this country, will be about 6 billion bu, which is slightly larger than the November preliminary forecast, and should set a new record. The corn crop in Europe is estimated at about 670 million bu, which is still slightly below the pre-war average, principally because of the decline in acreage. Yields, however, in the important Balkans and Italy were close to average. Prospects have improved in South America, and harvest should start in March. Upward changes there more than offset a reduction in estimates for Asia.

Primary receipts of wheat were very small probably due to the condition of the roads and amounted to 246,000 bu compared with 345,000 bu last week and 458,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 322,000 bu.

Markets were under selling pressure practically throughout the session There were rallies from time to time but they were feeble and apparently there is not much confidence at the present time, particularly with no important demand from any source. Both domestic and export business in flour is extremely dull and naturally the sharp decline in wheat futures does not instill much confidence. July wheat sold for less than $2 per bushel, which was also a disturbing influence.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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KANSAS CITY BOARD OF TRADE
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CHICAGO MERCANTILE EX.

February 3, 1949

The main news item in the market today one-half hour after the opening was the announcement from the Kansas City office of the CCC that they had advanced their gulf bid for wheat for all of February from 27¢ over Kansas City May to 29¢ over. This is the second advance in their buying price since the first of February. Prior to the turn of the month their price had been 27¢ over Kansas City May for January, but only 25¢ for February. On the first of the month this was advanced to 27¢ over for February, and they again raised it today. The price at which they have been willing to buy in the Southwest has been under the actual cash market and whether this move today signifies their intention to become more aggressive remains to be seen. They are still somewhat under the cash market, although there is very little actual wheat moving in the Southwest at the moment. However, the government agency has not been acquiring any real quantity of wheat the past ten days. Yesterday their purchases in Kansas City were nil; we have not heard anything as yet on today's operations.

As we understand the situation, shipping has caused some slowing down of the export program, but we have been informed that loadings of wheat and other grains have been speeded up at the Gulf recently, and that more vessels have been obtainable. We believe the schedule for January fell behind, and if this under-shipment is to be made up a more aggressive buying program will have to be pursued, at least for the next 30 to 60 days.

There were some very interesting press releases today - one in which the Secretary of Agriculture is quoted as telling the delegates of the grain elevator representatives that the government does not intend to enter the grain storage business, except in isolated places for defense stockpiling. Also that he will make a report shortly to Congress giving the results of a nation's wheat survey, indicating what must be constructed to meet grain storage needs. He further informed the group that a carryover of 800 million bu of all grains would be sufficient to guarantee adequate supplies for domestic, defense, and export requirements. This is a lesser quantity than had been indicated by some members of the Agriculture Committees.

Another Washington report states that this country is considering lifting all export licenses for shipments of edible fats and oils to all points except to Europe While Europe furnishes the main outlet for fats and oils, it is also thought that even though restrictions remain for that section of the world, allocations would be on a more liberal basis. We are developing a surplus of fats and oils in this country, and any speeding-up of shipments would be of a constructive nature.

We pointed out a few days ago that the change in administration in agriculture in Argentina might lead to some change in the policy of that country. Their prices are now coming more in line with other countries, and we note on a recent quotation sheet that Argentine rye sold lower than Polish rye; Argentine oats are about in line with other countries.

The Oklahoma Weekly Crop Bulletin states that snow and sleet covered the ground over the entire state with the exception of the southeastern section which had heavy rains. It is anticipated that a good growth of the late planted wheat will show up when temperatures rise. The Nebraska State report mentions there is some apprehension on the outcome of the winter wheat in the eastern part of Nebraska, where fields have been heavily coated with ice. The ice is now covered by snow, and it will take some time to melt.

Primary receipts of wheat today totaled 518,000 bu vs 469,000 bu a week ago and 762,000 bu comparable day last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 507,000 bu.

After the CCC announced their price in Kansas City this morning, wheat showed a better tone, and the bearish sentiment which had been so prevalent for the past ten days disappeared. If buying activity is to be resumed in the Southwest, we feel that May wheat might get relatively tight compared to the new-crop months. Other cereals also benefited from the strength in wheat. Corn did not show any gains during the session but some of the earlier weakness expressed was overcome. Despite lower oil prices, soybeans had a healthier undertone.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

February 4, 1949

Everybody in the grain trade is naturally asking the question as to whether this decline is temporary, based on the large crops that have been raised, or whether we are going in for a downward spiral as a result of surpluses which are gradually appearing in other parts of the world. It was unofficially stated this morning that Argentine was trying to sell Britain 60 million bu of wheat at $2.01 per bu if actually used in Britain, or a price of $2.18 if reexported. Also 25 million bu was offered to India, according to this informative at $2.18, but so far this 85 million bu under discussion has not actually gone through. Broomhall tells us that Australia will have about 40 million bu for disposal elsewhere, and apparently at these prices, which are cheaper than either Canada or the United States, business is apt to take place.

The trade, of course, construes this in a bearish vein - first of all because it shows that even though Argentina, the other southern hemisphere shipper, with a much smaller crop than last year, is beginning to realize that they can no longer obtain exorbitant prices such as $5.00 per bu, which was obtainable last year and the year before. On the other hand, it remains to be seen what effect the government's activities will have, and for that reason our May wheat today was relatively strong, and particularly so for the first half hour of trading when CCC claimed they were willing to entertain offers, which was a departure from past procedure. What this means is that if any offerings of wheat are made to them they will consider it. We understand that at a price basis of 2¢ higher than yesterday there were some sales made from Hutchinson, all of which had the effect of strengthening the May wheat in relation to the new crop futures.

The greatest weakness came in corn, although opening prices were rather steady, but apparently such heavy sales have been made the past few days that this liquidation has not yet been digested. Therefore, selling orders have much more than the usual influence on a market where confidence has not been restored. We note that the open interest in the May corn yesterday declined 966,000 bu and in the July 496,000 bu. There was a slight increase in the December open interest, but nothing to correspond to the former. Thus, we can only conclude that trades are being evened up, and a good many people who apparently had other ideas about a higher level have now become discouraged.

The market weakness in general is not having a very stimulating effect upon flour buyers, nor on bakers, nor anyone in that type of business. Exports are still next to nothing, although there is the possibility, according to the Southwestern Miller, that Italy may come into the market early next week for a few cargoes against supplemental allocations. These people also tell us that mill operations are reduced and that numerous plants are running at barely half time.

We find that ever since the end of January when the trade was given the stocks of various grains that there has been a good deal of bearish sentiment generated. There is still some talk concerning the large stocks of wheat on hand as of the first of the year, with 857 million bu held in various positions which is as much as we have very often raised before the war. As a matter of fact, the ten-year average crop before the war was only about 740 million bu. Therefore, we are still bound to have a much larger carryover reserve on hand next July than we did the previous season, despite the heavy shipments abroad, but it is a question as to how much free wheat there will be available for the market. Our guess is that redemptions will be next to nothing from this time onward unless there is a considerable improvement in the price. The same story might be repeated for corn, because at the beginning of the calendar year there was still 2 1/2 billion bu of corn left on farms, not to speak of 50 million bu in terminals in addition to 42 million bu located in interior mills and elevators. Thus the total was more than one billion bu in excess of the stock held on January 1st a year ago, and apparently a good many people previously willing to take the constructive side of the market are now in somewhat of a quandary.

Primary receipts of wheat today were 360,000 bu compared with 503,000 bu last week, and 711,000 bu last year.. Kansas City and Minneapolis stocks so far this week show a total decrease of 672,000 bu.

Aside from May wheat, which showed independent strength, the market was subjected to severe liquidation and there was considerable stop-loss selling. Corn suffered the severest loss, and while beans were weak they showed some recovery toward the last.. It looks to us as though liquidation had been pretty thorough.

UHLMANN GRAIN CO.

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

February 7, 1949

We have pointed out in numerous letters the increased production per acre since the early 20's. In a recent publication of Broomhall's they carry this further by showing that in the ten years between 1919 and 1928 the average yield of wheat per acre was 12.7 bu, and in the ten-year period, 1939-48, the average yield was 15.8 bu per acre. In their table they have entirely eliminated the drought years of the 30's, and conclude that rust-resistant varieties of wheat and hybrid corn seed, with greater attention being paid to summer-fallowing, have added several hundred million bu to the annual grain production without bringing more acreage under cultivation. While weather undoubtedly has done its part, nevertheless yields look like a permanent improvement. The report of the Weather Bureau released Saturday shows that in the month of January, the State of Kansas received the greatest amount of moisture ever recorded for that State; also, a record-breaking amount of snowfall. Average precipitation of eastern third was 5.31 inches, the middle third 3.35 inches, the western third .91 inches, and for the State as a whole 3.19 inches, while the western third did not receive the same benefits this was four times the normal moisture for the State. It was an unfavorable month for actual field work and wheat was dormant throughout that period.

The Kansas City Office of the CCC again did not announce a firm bid but again asked for offers, and from what we gather so far during the session they have paid 1/2¢ higher premium for February shipment and intimated a cent discount for the first half of March and 2¢ for all of March. The more aggressive policy has brought out additional quantities of wheat in the Southwest and for the period ending noon on Friday, their purchases totaled 860,000 bu. The recent decline in wheat apparently must have come as some surprise to government officials. With the amount of wheat impounded or subject to purchase agreements of 343 million on the 1st of January, it looked as though the export program should have been enough to sustain prices and create a relatively tight cash situation. However, it again demonstrates how difficult it is to create an artificial scarcity when actual supplies are rather abundant. Undoubtedly the export program has lagged and it will necessitate a step-up of the program between now and May if allocations are to be fully met. However, shortly after April 30th, CCC will come into possession of loan wheat, which will release large supplies to them. Corn has also suffered from slowing down of the export program and some cancellations on part of foreign governments. Present premiums being paid in the Southwest bring wheat much closer to the loan value, and at least should be more of an incentive for the holders of free wheat to market their production.

Primary receipts of wheat totaled 750,000 bu vs. 667,000 bu a week ago, and 945,000 bu on the comparable day of last year. The wheat visible showed a decrease of 3,978,000 bu and now totals 109,454,000 bu, or 16,795,000 bu more than a year ago. Chicago stocks of wheat decreased 197,000 bu and now stand at 1,970,000 bu. Chicago corn stocks also decreased 162,000 bu and now amount to 9,516,000 bu.

Heavy cattle receipts practically swamped all Mid-West terminals today and resulted in what was termed more or less of a demoralized market by traders. Good steers were $1 to $1.25 lower; evidently the record corn crop is resulting in increased feeding, which in turn is bringing a rush of cattle to market.

There were no particular new developments today. Markets all started with a firm undertone, but apparently buying power is lacking and advances do not find any support. Selling and stop-loss orders which came into the market the last hour registered lower quotations for all pits.

We wish to correct an error in our letter of February 4th, in which we mentioned that Argentina was trying to sell 85 million wheat to Britain and India. This should have been Australia.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 8, 1949.

February is again witnessing a major break in grains. While percentage-wise it is not as great as occurred last year, it has been very substantial and has carried values lower than many people had believed possible under the government program. As we have pointed out on numerous occasions, this program is lagging, and their present method of acquiring wheat in the Southwest is not having any effect marketwise. Premiums have been advancing but the futures price has been declining. Whether or not government agencies are at all interested in stopping the readjustment we cannot say, but the purchasing power of the farmer is bound to be affected by present declines. CCC is undoubtedly cognizant of the fact that they will come into possession of large quantities of wheat shortly after April 30th, but, nevertheless, if campaign pledges are to be kept of sustaining farm price, it would appear that other methods must be pursued. There is not much cash wheat coming forward from the Southwest. Yesterday CCC purchases in Kansas City amounted to only 395,000 bu. If the present market is to be reversed this might be accomplished if the government agency would purchase wheat for May delivery on basis of Kansas City May, which would at least induce the buying of futures and the possible recovery of prices. Corn is also suffering from lack of buying on part of CCC and while shipping at the seaboard is supposed to have improved we think there is still some congestion at certain ports. Also, the fact that the agency is only interested in 14% moisture corn is not encouraging. How much concern is being expressed on present declines we do not know. Mr. Ralph Trigg, Chief of the Production and Marketing Administration, appearing before the Senate Agricultural Committee, stated that they were interested in doing everything to keep prices from falling to levels disastrous to farmers, but they do feel that the current drop in prices is not a major break.

There was no particular grain news overnight to account for the further bearish feeling in the market this morning, although it was a foregone conclusion that prices at the opening would be somewhat easier. We just seem to be entering a period of surpluses and improved conditions in other parts of the world. It is reported that at the session of the International Wheat Conference, the Soviet Union offered to supply one-fifth of the wheat export quota, which would amount to 100 million bu or more, which is substantially in excess of that country's exports for many years. This seems to forecast a sizeable agricultural recovery in Russia, as their home needs are large with a population of around 200 million people and bread constituting an important part of their diet.

According to the Office of Foreign Agricultural Relations of the U. S. Department of Agriculture, exports of rice from Burma during 1948 amounted to only 2,725 million lbs compared with 1,779 million the preceding year, but with a prewar yearly average of 6,504 million lbs. However, it is pointed out that exports for last year were substantially lower than the quantity reported available for export, due to political disturbances in the interior of that country, which seriously held up the movement of rice to ports. This situation will undoubtedly be easier in 1949, and shipments to importing countries heavier.

Primary receipts of wheat today totaled 706,000 bu vs 468,000 bu last week, and 1,114,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 110,000 bu.

While an inquiry seems to be developing for flour on the breaks of the last few days, we have not as yet heard of any substantial quantites being sold, and there was no particular evidence of mill hedges being lifted in our market today. In fact, the market received very little support from any soucre, and liquidation was again the order of the day, with all grains declining the full day's permissible limit. There was undoubtedly quite an accumulation of orders which could not be satisfied during the session, and probably some of these orders will be repeated tomorrow, so with margin calls it will probably give us a lower opening. The surprising part is that despite what appears to be liquidation, the open interest in May corn yesterday only declined 395,000 bu, and in May wheat 450,000 bu.

Purchases of corn by the Chicago office of the CCC yesterday was practically nil --1,800 bu. They are still only interested in 14% moisture corn, although it is intimated that they would pay 1¢ better than yesterday. They were again soliciting offers on wheat in the Southwest, but did not intimate much change in their basis.

Both soybean meal and soybean oil declined --the oil now being quoted at 11 1/2¢ against 12¢ yesterday, while the meal declined $1 to $1.50 CWT. Lard also suffered reverses.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 9, 1949.

Secretary Brannan in his annual report, which was made yesterday pointed out that the past year of high production on U.S. farms, with continued high level of domestic consumption and of exports, was accompanied by increasing evidence of need for postwar readjustment. Production of crops was a record by a wide margin, Production of livestock and livestock products, although smaller than in any year since 1941, was larger than in any year prior to 1941. Big production of feed grains promised to result in expansion during 1949 in hog production and poultry. Our farm production was turned out by a farm population one-tenth smaller than in 1940, and the use of tractor power continued to increase so that there could be a continued trend toward larger farm units. The proportion of farms with 500 or more acres increased. However, the thing which worries everyone in the agricultural field is whether or not we are going through a postwar adjustment now that may carry prices considerably lower, or whether the various supports in the form of loans, etc. will have some offsetting effect, which up to the present time has not been too pronounced. The drop in corn prices has reached a point at which the farmer, if he sells, would get 40¢ or so per bu less than if his corn were placed under the loan. However, in many cases he is disturbed over the keeping qualtties of corn and the high moisture test, plus the fact that it is only 2 1/2 to 3 months away from the planting of another crop and in some cases producers are afraid they may not get their crib space back, which also will give them great concern in the event that another good crop is harvested next fall. As the Secretary of Agriculture pointed out: "World food prospects were brighter at the beginning of the 1948-49 season than at the beginning of any of the preceding postwar years, with European production showing the greatest improvement."

All this is being emphasized by the various delegates who have come here to meet on the question of the International Wheat Agreement, and apparently is the reason that they are thinking in terms of much lower prices while here we are still arguing whether the 90% of parity loans should be continued or whether some sliding-scale loan should be adopted. Bread grain crops in Europe in 1948 were estimated to be at least one-third above those of 1947, although 1947 was a year of rather low yield in France and some of the other Continental conntries.

The carryover feeling from yesterday was rather bearish because virtually all of the cereals had ended the session at the full day's decline, However, liquidation was not as severe during the early part of our trade today as some had feared. Lard prices actually were higher and this in turn gave us an initial rally in corn, which, however, was met by further selling orders and a rather sharp break soon afterwards.

We understand that top grain officials have been in conference in Washington preparatory to issuing an official statement concerning the commodity price drop, and this may be released today or tomorrow. An appraisal will be made of current supply, demand, and price factors relating to grains. It will also cover livestock and other commodities. However, the statement is not intended to influence prices one way or the other but merely will be used to clarify the overall situation.

The Kansas weekly crop report states that there is still inadequate surface moisture in the extreme western counties and some fear in other sections of the State of possible winter killing. However, we must bear in mind that the acreage is very large and some effects of winter killing is about the normal procedure.

Primary receipts of wheat totaled 445,000 bu compared with 246,000 bu a week ago and 392,000 bu on the comparable day of last year. However, in the report today, Wichita was missing. So far this week, Minneapolis and Kansas City stocks show a net decrease of 447,000 bu.

Apparently the most urgent liquidation has been satisfied and higher prices were finally registered, lead by beans and corn.

Paul Hoffman, Chief of the ECA, stated in front of the Senate Committee, that falling prices in American markets may mean greater Marshall Plan purchases here as surpluses develop in this country. However, he did qualify his remarks by stating that this government must avoid the danger of switching ECA operations from European recovery to support for various American goods. He quoted cottonseed oil as an example of one of the commodities that his organization may finance more in the future.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

February 10, 1949

Yesterday's sharp recovery inspired a fair amount of confidence amongst raders, who were fearful that with large grain stocks on hand further liquidation night become necessary for possibly only technical reasons. The fact that we had robably the sharpest rallies following yesterday's decline in several weeks was significant, as it showed that the weaker lines had apparently been dealt with and hus it was not surprising that there was further recovery this morning when our market opened. However, the various statements coming out of Washington are being examined very carefully, and again this morning Secretary Brannan promised he Senate Agricultural Committee that every possible bushel of wheat and other grain would be shipped abroad this year in an effort to avoid price depressing surlusses. The Secretary in testifying yesterday before the Senate Committee had tated that the outlook for farmers in 1949 was still good and that the Department would go ahead with its regular programs to assist producers in obtaining the large amounts of food needed both here and abroad.

There was one item, however, that brought some disappointment to the rade: namely, his statement that an additional 20 million bu wheat and 20 million bu coarse grains would be necessary to meet the export schedule that had been set up for the crop-year through the endof March. A good many people, including ourselves had figured that the quantity of wheat needed during thisperiod would be considerably larger, but, of course, one must also take into account that the government always has to buy somewhat ahead and cannot just gauge its supplies to meet he boats as they come to port during a certain period. We figure they will probbly have to buy some wheat and corn to take care of their April commitments; so possibly to that extent stockpiling is necessary even though it may be on a moderate scale. In former times when the business was launched in thehands of rivate exporters there would be a forward business at this time for April, May, June, and July, and possibly even for more extended periods. This meant that utures were bought in the market, which had always been a sustaining influence. At the present time with the government apparently only willing to buy for spot or or March, the market feels the lack of that support, and possibly this, too, has been argely responsible for some of our great weakness.

We note that the CEA has been importuned to call for information on grain utures, which will require clearing house members to report every account on heir books, for only the past few days, showing the name, address, and occupation of the owner. We have seen this procedure before, and very likely it will clear the ir if we are correct in our surmise that most of the recent selling has been liquidaion of long accounts which had been nervous that postwar adjustment was going to carry prices considerably lower, and the markets had been declining for the past ew weeks. On the assumption that we finally export 500 million bu wheat and flour, we presume that there will still be 100 to 125 million bu to be procured and gradually this, together with our domestic consumption, will make inroads into ur accumulations, particularly as there is more than 300 million bu wheat either n the loan or under purchase agreement as of December 31st. Ordinarily it would e expected that prices at this time of year would be somewhat above loan rates but failure of the market to show much recovery during the past few weeks has brought about a discouraged feeling, although we still note that the old-crop future s being maintained at a premium of 18 1/2¢ per bu over July, and we should not be urprised to see a further widening before the May delivery matures.

Primary receipts of wheat today were 566,000 bu compared with 518,000 bu ast week; last year same day was a holiday. So far this week, wheat stocks at Kansas City and Minneapolis show a total decrease of 728,000 bu.

The market was again very erratic, and at times it looked as though corn nd soybeans might have some difficulty in maintaining recent advances, but the act that wheat prices were mostly higher lent some support to other cereals, and he close was quite steady.

Mr. Sawyer, Secretary of Commerce, stated that unless IEFC would agree promptly to the removal of export restrictions on fats and oils that he, himself, would take the initiative and free these commodities from present licensing controls. pparently this would mean that exporters could ship freely any amount out of the country, except that not included in the proposed free licensing would be shipment to European countries. We construed this as rather helpful to the soybean market, and would not be surprised to see disappearance of 15 million bu per month, which would inally mean rather small reserves at the end of the season.

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DAILY MARKET LETTER

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CHICAGO, 4

February 11, 1949

Except for a few isolated sections of the far west where moisture has apparently been deficient, the crop outlook has been pretty well maintained, and winter wheat promises a yield of 965 million bu, which was forecast last December by the Crop Reporting Board. At this time of year we know nothing of spring wheat possibilities but must assume that on a reasonably good acreage, they may repeat the 1948 production and raise 300 million bu, so that together with a probable carryover of another 300 million bu, total supplies at the beginning of the next season would be 1,565 million bu. Domestic disappearance is somewhat lower than during the peak years owing to the fact that less wheat is being fed, and despite a larger population we can hardly count on more than 700 million bu being used domestically, from which it becomes obvious that there would be 865 million bu available for export or for carryover on July 1, 1950. At that time, unless the law is changed, we would have a sliding scale of parity loan but there is some talk of changing the government formula, and it seems the minute prices ease off, demand arises that something should be done.

We can hardly imagine that exports of 500 million bu, such as we have had now for two seasons, will be continued much longer. First of all European crop conditions are gradually improving, and, furthermore, surpluses in some of the exporting countries are pressing a little more on the market, the best example of this being wheat in Argentina, which is finally being offered at considerably lower prices than was the case a year or two ago. We have heard very little of the International Wheat Agreement, but assume that the United States will ask for a quota of 185 million bu, the same as it did a year earlier when the question arose. By the same token if Canada demanded 230 million bu for its share, and Australia 85 million bu, the total would amount to 500 million bu. No allowance has been made for either Russia or Argentina, although both these countries are participating in the deliberations, and nobody knows for sure whether they might finally display more interest than they did last time. Of course, 500 million bu is only a small fraction of the wheat produced, marketed, and consumed each year. Just before the last war total annual production of wheat in the world was averaging about 6 billion bu. Of this enormous quantity the overwhelming proportion was utilized within the country where grown, but ever since 1919 there has been a rather definite trend in declining exports, except possibly for some of the war years and the immediate period following when Europe was deficient of breadstuffs.

There was no perceptible improvement in the milling demand; in fact some complaints are coming in that shipping instructions are arriving rather slowly. On the other hand, May wheat held rather firmly compared with the deferred futures--this was true in Kansas City as well. Domestic disappearance of wheat during the first half of the current marketing year was 356 million bu, while exports and shipments for the same period totaled 271 million bu. However, we have pointed out on many occasions that one of the underlying factors which may finally impart strength to the market is the fact that on December 31st there were about 235 million bu of wheat under the loan, together with 108 million bu under purchase agreement, making a total of about 343 million bu for the combined program.

As we have stated before, the carryover reserve next July is likely to be about 300 million bu. The maturity date for loans is April 30th, while under the purchase agreement, CCC would accept delivery at the loan rates between May 1st and May 30, 1949. Naturally, with deliveries to the Commodity heavy, market supplies are apt to be very limited. Some people feel that it may be desirable for CCC to swap some of its holdings in the domestic market for later positions.

Primary receipts of wheat today were light, and amounted to 456,000 bu compared with 360,000 bu last week, and 1,027,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 933,000 bu. We expect a fairly good decrease when the visible supply is posted Monday; it will compare with a shrinkage last year of 4 1/2 million bu.

Markets were rather disappointing at the opening, and in spite of reports that cash corn down-state was being purchased at a basis of 2¢ higher than yesterday, the yellow cereal declined. Likewise, lard was lower despite an announcement by the Commerce Department that fats and oils would be decontrolled for export shipment on general license. However, as the session progressed, there were some recoveries, and this was particularly true of oats.

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February 14, 1949

The Secretary of Agriculture has just published his annual report which is very interesting, but quite voluminous covering 170 pages. We have given it only a cursory examination but one or two remarks concerning wheat are very pertinent.

He says that grains in particular are not immune from surplus possibilities, despite the continuance of world requirements above world supplies. He goes on to say - "Our exports of wheat with production at the recent level must exceed 300,000,000 bushels annually to utilize the whole quantity available above domestic needs. Our exports of wheat in the past 20 years have averaged less than 150,000,000 bushels a year. Corn was potentially a problem in 1948 after the harvest. Previously we had an insufficient supply; yet corn was liable quite soon to become a surplus crop, because the production was higher than before the war, with the number of livestock in a long decline. These facts were not cause for any immediate alarm. They reminded us, nevertheless, that we had some agricultural surpluses already, and others in the making. Surplus problems call essentially not for the restrictions of the output, but for the maintenance and expansion of demand. Along this line we should emphasize research and action".

Washington advices are to the effect that delegates to the International Wheat Agreement are working continuously to try to get their work completed by February 25th. As usual the big stumbling block is the price, with the exporting countries wanting a $2.00 maximum, while the importers think $1.80 would be high enough. In the 35 years since 1909, leaving out the years of net imports, our net exports have averaged 169 million bu. However, the picture has deteriorated to some extent in recent years because in the era from 1921 to 1930, or for ten years, our wheat exports averaged 177 million bu, but in the 17 year period 1930 to 1947 [illegible] they dropped to only about 100 million bu. Some may claim that this covered the period of drought, but likewise it also took into account some years of heavy production. Therefore, our aim now to capture a market for 185 million bu of wheat each year is rather ambitious, and it remains to be seen whether this can be satisfactorily resolved.

Britain has abandoned efforts to buy wheat and other grains from Russia. Broomhall claims that the U.K. was negotiating for 81 million bu all told, therefore, it is now likely that the business will go to other surplus countries. On basis of 500 million bu wheat and flour being exported from the U.S. this season, there was still 120 million bu to be procured on January 31st. According to the last pamphlet The Wheat Situation, it is figured that CCC stocks on July 1st, plus purchases had totaled 290 million bu and that private concerns had purchased about 90 million bu for export or a total of 380 million bu. Of the 120 million bu still to be procured about 95 million bu, mostly wheat, would be bought by CCC and the rest, almost entirely flour, would be handled by private trade. This apparently is having considerable influence on May wheat which is gaining further on the new crop futures.

Over the holiday there had been important moisture in the form of snow, sleet or rain which should be beneficial for the winter wheat crop.

When the visible supply of wheat was posted there was a decrease of slightly more than 4 million bu; total inall positions is now 105.3 million bu, which is still 17 1/4 million bu more than last year. The corn visible decreased 1 1/2 million bu, reducing total stocks to 45 1/2 million bucompared with 17 million bu a year ago. A small decrease in oats carried the total down to 7 1/4 million bu, or practically the same as the previous year. Chicago stocks decreased all along the line, amounting to 91,000 bu in wheat, 219,000 bu in corn, 126,000 bu in oats, and 166,000 bu in barley.

It was quite apparent right from the start that last week's selling had improved the technical situation materially. While there was rather persistent buying today in all pits the volume was not too heavy, but at the same time there were no large offerings. Neither was there any special news, although flour business does not show much improvement. According to the Southwestern Miller domestic sales are hardly as much as 50% of capacity, while virtually no export business is coming in. The close was strong and beans were up the limit.

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CHICAGO, 4

February 15, 1949

There was no special grain news overnight, and it was difficult to tell before our market opened, whether yesterday's short covering had been completed, but apparently this was the case, and with the exception of soybeans, which opened somewhat higher, there was a little more bearish sentiment displayed this morning. Probably this was brought about by continued talk in Washington that surpluses are being built up, and that it may be necessary to have additional storage room for the accumulation of wheat and corn, particularly the latter, if another good harvest is obtained next fall.

Senator Thye does not see anything particularly alarming in the recent commodity price break, particularly with the support program that we have on the statute books. In other words, he does not believe there are going to be ruinous prices for any of our major commodities, but at the same time he regarded it as a fatal measure if the 90% of parity loan level would be continued or made permanent. Under such circumstances he believes that tremendous surpluses would accumulate and might conceivably cost the government $4 billion a year. He claims the American people would not stand for that, and we fully agree that if a price is too high or unrealistic that ownership of the grain will finally pass to the government by default, which would be unhealthy, unless we had poorer crops later so that these surpluses might finally be worked off.

Not a great deal is heard from Europe, although Broomhall tells us that conditions are less favorable than they were, although there have been no complaints of any material winter wheat losses. Mild weather in many sections has continued to promote more rapid growth, and some frosts recently have been experienced with insufficient snow covering.

When our wheat market declined this morning the pressure was mostly on the new-crop futures, probably for the reason that crop prospects are still very good. While May wheat is relatively tight, it could finally develop that the government will be in control of most of the surplus that is carried over on July 1st. For the time being this is not being keenly felt, but it certainly could become more pronounced as we gradually eat into our accumulations. Ordinarily at this time of the year Southern Hemisphere shipments would be reaching their peak. We find that Australia for the fortnight ended February 5th shipped about 5 1/4 million bu wheat and flour, bringing the total since the first of the year to 10 1/2 million bu compared with 13 3/4 a year ago. Their crop was recently raised from 180 million to 200 million bu, and we believe there must still be about 135 million bu left for export or next carryover against about 142 million bu last year. There has been nothing further heard on developments of that country in negotiating 60 million bu of wheat to the U.K. and 25 million bu to India. However, trade interests expect that something may soon materialize. Last year Australia sold 80 million bu to Britain, and 25 million bu to India. The Argentine wheat crop this year was small, wheat production having amounted to 180 million bu compared with 244 million last year, and 221 million bu prewar. However, Argentine has shown a little more disposition to sell, and in recent weeks their prices have been more realistic.

Primary receipts of wheat amounted to 457,000 bu compared with 706,000 bu last week and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 218,000 bu.

There was not the aggressive buying in wheat by CCC, which was so prominent yesterday, at which time more than a million bu of spring wheat was acquired by this agency. However, after some hesitancy and weakness the market seemed to gain stability and showed a rather good undertone particularly when we consider the sharp breaks of last week which shook confidence to quite an extent. There was not much improvement, if any, in the flour demand, but yet May wheat continued relatively the strongest future and whatever pressure there was came mostly in the deferred months. Corn, soybeans and oats followed more or less the pattern of wheat. The May corn future gained somewhat on July, and with a better premium basis during the past few days, we would not be surprised to see a continuation of this trend.

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CHICAGO, 4

February 16, 1949

There was no particular grain news overnight, but Secretary Brannan keeps insisting that the question of storage may become acute before long, and when he appeared before one of the Congressional Committees this morning he said he would have some detailed figures on the proposed government storage plan in about a week. He feels that with the surplus being built up from the 1948 crop and the prospective plantings for 1949, we may encounter some difficulties, and probably this as much as anything else had a somewhat bearish influence on the market during the early part of the session. There were also reports through Broomhall that partial rains have been received in many sections of the European Continent. He told of United Kingdom crops being in good condition, with the possibility that spring plantings would be stepped up to offset any possible reduction of winter grains. In France, it is rainy over much of the country, with mild weather.

Here at home very little attention is being paid to weather conditions, although it is generally felt that the outlook for the winter wheat crop continues good. According to the Bureau of Agricultural Economics about 5% greater disappearance of corn, oats, and barley took place during the first quarter than the year before. Strangely enough, disappearance of corn for all purposes was only slightly larger, but this may be explained by the fact that we came from a small crop into a very large one, and it probably took some time before the holes were filled. The number of livestock was at a comparatively low level, although during the period from January to September domestic uses of feed are expected to be somewhat larger than in the same period of 1948, and farmers probably will feed 10 to 15% more grains and other concentrates to their livestock than they did the year before. In spite of all this, and taking into account whatever corn we may export, it is figured by this authority that on October 1st the carryover will be about as large as the record of 688 million bu, which we had in 1940. However, the quantity of corn under the loan will be the largest since before the war. All this makes it rather difficult for the trade to come to any very definite conclusions. As in wheat, corn supplies on hand are very large, and if there is to be an upturn or much bullish enthusiasm, it would depend to a great extent upon artificial factors.

We find at the present time that the government is buying quite a little spring wheat, and yesterday their purchases through the Minneapolis Regional Office amounted to 1,650,000 bu. In the Southwest purchases were smaller, with only 139,000 bu purchased, together with 100,000 bu corn and 40,000 bu beans. There was not much to indicate yesterday that the business had been that big, judging from the number of hedges lifted in the pit, but possibly some offsets by actual marketing of grain. In any case this is quite a factor, and very likely explains the premium of May wheat over the deferred months. It was intimated that CCC might pay 34 1/2¢ over Kansas City, May, FOB, Galveston, which is about 1¢ higher than they indicated yesterday, and it is our opinion that as time goes on it will not be too easy to buy this wheat in the Southwest at prevailing levels. There was also some talk of Canadian export business in rye, but as far as we could learn nothing definite confirmed.

Primary receipts of wheat today amounted to 421,000 bu compared with 445,000 bu last week and 374,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 523,000 bu.

After mid-session, markets showed a firming tendency and during the last hour or so of trade there was considerable short covering which carried soybeans up about 10¢ from the low of the day. This also had an influence on wheat, corn and other cereals.

One of the news agencies talked of lard export sales, although we believe that these had been previously reported by others. Apparently there was 5 million pounds sold to Cuba, 2 million pounds to Germany and 4 million pounds of soybean oil to Holland, with an undisclosed quantity of lard to Mexico. However, best prices of the day were not maintained because on the advance there was also quite a little profit taking, but the market apparently has overcome much of the nervousness which was so prominently displayed last week. In other words, the nearby futures are showing a rather firm tendency, at least on breaks, and apparently these artificial factors of removing both corn and wheat from commercial channels through the loan are bound to have some effect.

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CHICAGO, 4

February 17, 1949

There was no special grain news overnight, and the weather is hardly being discussed. Up to now we have had practically no crop scares, but very shortly there may be some reports of blowing in districts that have not had as much moisture as they wanted. On the other hand, nobody is anticipating anything of that kind, with the result that there is still a more or less bearish feeling with respect to new-crop positions. As far as May wheat is concerned, the government keeps taking some wheat almost daily, and their purchases through Minneapolis yesterday were 1.3 million bu, while at Kansas City they bought 345,000 bu, together with 200,000 bu beans. This naturally gives some support to the market, although we believe the main influence is still the loan. It might be well to clarify the picture a little further because purchase agreements are somewhat newer and may not have quite the same effect as wheat which is actually impounded, and which is subject to the various charges of storage, interest, etc. Therefore, we split up the total of 343 million bu, and for the time being count on only 208 million bu, which is more securely segregated than the 135 million bu under purchase agreement. In other words, the farmer has simply contracted to sell the latter quantity; he does not have any of the accumulated charges. Consequently, the price in the Southwest is not too far away from a level at which possibly liquidation could take place. This is not true in all districts, but we hear reports that in parts of Oklahoma, particularly the southern portions and in Texas, that an advance of 4 to 5¢ per bu might bring fair quantities of wheat to market.

With this in mind, one naturally wonders about the relationship between May and July, and it is rather difficult to come to any definite conclusions. However, it should be noted that at Kansas City the spread has not widened nearly as far as it has in Chicago. On the other hand, cash premiums at Kansas City are such that there is no immediate threat of our getting any wheat from there, even though they might widen the spread between Kansas City and Chicago closer to a freight differential.

When our market opened this morning there was some pressure again to sell. This was true not only in wheat, but also, in soybeans, and apparently yesterday's advances had been rapid, so that shorts were pretty well eliminated. On the other hand there seems to be no pressure from first hands, and we find that corn offerings are very light. Some of it may be due to icy roads but very likely the price is also an important factor.

Broomhall figures that the United States has exported 316 million bu wheat and flour from July 1st to February 12th, and nearly 37 million bu corn during the same period. This authority reports also an export demand in corn, soybeans, and soybean oil. We heard through others that the inquiry for lard is good, and one of our friends told us that he had been flooded with requests for offerings. As far as European weather is concerned, it seems to be mostly favorable now although there are a few dry areas. However, nothing that a good spring rain could not correct. British farmers are being urged to increase spring wheat plantings, so that foreign imports may be reduced to a minimum next season in order to conserve foreign exchange. The British people now have all the bread they require although they are still very short of meat. The latter, of course, is a luxury and is still being used most sparingly.

Primary receipts of wheat were 468,000 bu compared with 566,000 bu last week and 484,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 754,000 bu.

Markets were much more two-sided today, and apparently the conflicting factors are supply and demand on one side while the artificial factors of the loan, the impoundings and the purchase agreement prevent too much bearish enthusiasm. Nevertheless, there seems to be some pressure on the distant futures of wheat and corn and even the May delivery of corn finally yielded ground at times on the possibility that some corn which is held in country storage is not drying out properly. In other words, farmers who had expected it to dry sufficiently to qualify for the government loan seal are currently taking a dim view of that prospect. Still, it is expected that the amount that will finally be put away under loan will be the largest of any year since the war. Trying to analyze all these factors makes it difficult to have firm convictions. For that reason, we are having rather erratic markets, but, in any case, there seems to be better buying demand on breaks so that we are getting fair recoveries following declines. UHLMANN GRAIN CO.

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CHICAGO, 4

February 18, 1949

Before our market opened this morning, there was a dispatch from Washington which appeared on the front page of the Chicago Journal of Commerce, telling of the prospective meeting between wheat-state Senators and officials of the Commodity Credit Corporation to work out a plan to move loan wheat to ports before end of April when maturity is reached. Apparently this is being considered in order to avoid any possible congestion later on when the new wheat starts coming to market. Such a plan would require CCC to take the risk of defaults actually occurring, but it would place wheat in their hands at an earlier period than if they waited to actually get possession of grain, in the event that there were no redemptions on these impounded contracts. It is believed, according to this article, that if a producer subsequently would redeem his wheat pledged under the loan, the government would give him possession of some grain at the nearest terminal facility, but, of course, there is nothing definite about this proposition. According to one statement issued in Kansas City, presumably by a CCC official, his agency will probably continue to buy export wheat in any event; therefore, the implications of today's announcement are rather nebulous, and everyone was trying to figure out just what might happen. Actually CCC was willing to pay a shade more at Kansas City than they did yesterday, and we presume that further acquisitions will probably be made. They bought 3/4 million bu yesterday. In the Northwest yesterday 575,000 bu was purchased, and this type of support has been a market factor. It likewise brings up the question whether the government would feel less prompted to reduce their buying activities if they felt at liberty to borrow wheat now which seems likely to come to them by default at a later date.

Because of an error due to transposition, we gave incorrect figures yesterday on the amount of wheat under loan on December 31st. This should have read 235 million bu, together with 108 million bu under purchase agreement, although the total figure was properly stated.

When our market opened this morning there was considerable liquidation in all pits due to these uncertainties. Statistics that we get from Canada indicate that the crop and carryover last summer amounted to 469 million bu. After allowing for 150 million bu for domestic consumption, net supplies were 319 million bu. Exports so far have been 107 million bu, which still leaves 212 million for export and carryover on July 31st of this year. Last year for the same period their exports were 102 million bu, so that they had 167 million bu left as of this date. Therefore, with equal exports from now on as compared with the previous season they have a prospect of a carryover of 45 million bu more, or a total of 120 million.

We have heard nothing recently as to the progress being made by delegates to the International Wheat Agreement. Some of the people in exporting countries had hoped that with the assurance of providing ample supplies importers would reduce acreages. However, the danger is always present that if prices are too high importing countries will expand rather than contract their acreage devoted to grain. Even now we find that the barley acreage in Britain is over 2 million compared with only 940,000 before the war, or 2 1/2 times as great. As we pointed out the government has asked farmers to grow as much wheat and barley as possible, and they even intend to permit producers to retain as much barley as they desire for feeding livestock, possibly permitting 25% of their wheat to be thus used. All this is with the expressed desire of lessening the need for foreign feed grains. Reports from France continue generally favorable, and a large wheat crop is again expected. Millers are offering middlings at reduced prices without attracting buyers. France, which had originally been counted as an importer under the International Wheat Agreement now intends to help her own recovery through exports of home-grown products.

Primary receipts of wheat today amounted to 503,000 bu compared with 456,000 bu last week, and 485,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 945,000 bu. There should be a pretty fair shrinkage in the visible supply on Monday; it will compare with a decrease last year of 6.8 million bu.

Late in the session it was announced that both at Minneapolis and at Kansas City the CCC would follow a 23-hour buying policy, but that purchases would not be made during the first hour of futures trading. This appeared to indicate a more aggressive policy than in the past, but nobody knows just what is intended by the change.

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February 21, 1949

The CCC quickly abandoned proposed ideas of moving loan wheat to terminals and ports before the grain had been turned over to them by the producers. They believed they would not have the power under the loan to do this. Meanwhile, they are buying cash wheat at equal to a considerable premium over the Kansas City May futures when calculated on basis for shipment from that city. Their purchases are still cheaper than the actual loan rate, and so long as they can get this wheat, they are actually saving money. They have continually paid advancing premiums so that the outright price is only a few cents lower than early in January as compared with a much larger decline in the futures market. At the end of April, when they might come into possession of the loan and purchase agreement wheat, there will not be a great deal of free wheat available over and above what our domestic consumers will need for use in May and June before the new crop season starts. Meanwhile, those who wish to sell can avail themselves of this big premium over the May future; yet, CCC buying does not attract any large quantities of wheat in the Southwest, most of their recent purchases having been made in the spring wheat area through their Minneapolis Office.

The Argentine delegate to the International Wheat Conference at Washington has withdrawn from his official status, although would like to continue as an observer. One of the principal objections is the proposition of maximum prices, which he said are not high enough considering the price which their government has guaranteed their producers. Also, they have bilateral agreements with Spain and other traditional buyers and it would be impractical for his country to make a change on terms. This brings to mind that the United States' share of the exports would be small as compared to our total production and home use, so that if we subsidize exports it would be no great burden, whereas in Argentina their exports traditionally are 60% of their production, which, of course, would be a great drain on their treasury, and contradictory to their present policy where they have asked considerably higher prices than paid to their producers. Canada in their previous arrangement; for example with Britain, has passed any subsidy proposition on to their producers during the past few years when they sold the United Kingdom large quantities of wheat cheaper than prices paid by other countries. One of the high officials at the International Conference admitted that the problems of price and duration are major obstacles that have not been solved, and there is still no agreement on the place of flour in the proposed treaty or the quantity of wheat that importers will take and exporters ship. Other news is that France will ask for an export quota rather than being a major importer as in last year's proposed agreement. Uruguay will also wish to be in the export column. Evidently greater supplies in the world are making it difficult for the fifty-six nations to reach an agreement.

USDA is asking for the same corn acreage as the past two years, or 86 million acres in the belief that a normal yield would produce about 3 billion bu. Last year it produced the record crop of 3,650 million bu, and the year before when weather was very poor, only 2,383 million bu. They also have acreage goals for oats about equal to last year in the hope that 1,400 million would be produced against last year's crop of 1,491 million bu. This would seem like a rather large quantity in view of the probable excessive carryover, as indicated by current disappearance. The soybean acreage of 10,300,000, also about equal to last year, would be expected to produce 194 million bu against last year's 220 million bu record crop.

Today's trade was quiet, possibly because of the holiday. The weekly statistics showed that the visible supply of wheat decreased 3 1/2 million bu, not much more than half of last year. The total now is 101 million bu or 20 million over 1948. Chicago stocks of wheat, corn, and oats decreased. We have about 1 3/4 million bu wheat, 9 million corn, and only 356,000 oats here. Primary receipts of wheat were 934,000, about two-thirds of last week, and no comparison with last year when there was a holiday.

The weather map suggests continuation of light moisture. In a short while there will be growing weather Southwest and we are reminded by the USDA that the grasshopper plague has been on the increase since 1947 and it is expected that during 1949 it is likely to reach a peak in the cycle and already measures are being taken against them both here and in Canada.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 23, 1949

There was not a great deal of grain news over the holiday, nor was there any decided change in weather to give the market much impetus in either direction. However, it is quite apparent that the government is raising its ideas in making additional purchases, particularly at the gulf, and today's price was 43¢ over Kansas City May FOB vessel at Galveston, or 40¢ over in store, provided these were February receipts. Apparently this is the best premium basis in some time, and naturally one tried to figure out why there should be the sudden enducements made to possibly inspire additional country selling. We believe we have the answers, some of which have been gained by talks with various officials of CCC. As near as we can tell there was 235 million bu wheat impounded under the loan on December 31st. In addition to that 108 million bu had been included under purchase agreements, or a total of 343 million bu. However, there is such an extreme lag in getting these figures compiled that they tell us that even the banks, who are helping to handle the papers in connection with the loan, are sometimes four, five or six weeks late in making their reports. For that reason our informant is of the opinion that instead of 343 million bu having been impounded, the final figure may show even a greater quantity locked up. He also suggested that redemptions in the period from first of January to the present time, or for nearly two months, have been next to nothing. Everyone knows that if the carryover reserve on July 1, 1949, is going to be only 300 million bu, the present situation is an impossible one and that eventually redemptions must occur in order to prevent a tight situation, or even severe curtailment in our eating habits. We believe from what we gather from Washington that the government would like to have approximately 150 million bu wheat redeemed as a minimum, which would still leave about 200 million bu tied up in order to give sufficient latitude to mills and processors to carry on their routine business. Maybe it is for this reason that CCC prices are being advanced in order to bring about such a situation.

Of course, in making calculations we do not figure solely on the Chicago loan level, which was $2.29, for obviously, there is not much impounded wheat here in this city. The farm loan price averaged $2, and at some of the interior markets not too much above that price, so that possibly moderate advances from this time forward either for premiums or for futures or in combination would bring about the desired results of forcing redemptions. Under these conditions May wheat for a time may work into a stronger position, although gradually if farmers either sell their free wheat or finally are in position to make redemptions, there could be a change insofar as May futures are concerned in all markets as compared with later deliveries.

During the past week CCC has purchased about 7 million bu wheat, the bulk of it in the Northwest, and for the last reporting period they acquired 465,000 bu through their Kansas City Regional Office, and 425,000 bu spring wheat in Minneapolis. The amount of corn they are buying is, indeed, small. However, there was a report today that Italy had bought 14,000 tons soybeans, which was a stimulating factor in the market. In paying the advanced price for wheat at Galveston, we understood that CCC had stepped out of the market when Kansas City May reached $2.04 1/2 for pricing purchases, apparently not wanting to be too much of a factor in any one session.

Primary receipts of wheat amounted to 1,139,000 bu compared with 421,000 bu last week and 548,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 205,000 bu.

Best prices were registered during the first half of the session; later on one of the private agencies in the East, which has been quite right on the market for a period of weeks, advised selling operations, and apparently enough people paid attention to this so that finally there was a fair amount of liquidation. The flour demand is still very poor, and we hear this from practically all parts of the country, with a good deal of disappointment expressed recently that the PMA business did not amount to more. Apparently the demand is only from hand to mouth, and of course, with new-crop futures selling at a big discount nobody wants to put in larger supplies than he thinks will absolutely be needed for the balance of the crop year.

When wheat prices reacted there was sympathetic selling in corn, oats, and beans. In fact, the close was rather weak compared with early advances, but yet in most cases prices were higher than for the previous close.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

February 24, 1949

There was no special grain news overnight. Ordinarily at this time of the year weather would be quite a factor, as very often this is the calendar period when advances take place, owing to the fact that we often have the beginning of crop scares, with reports of blowing in sections where winter moisture had not been sufficient. However, in recent weeks there has been a considerable amount of precipitation, and it looks as though there might be some local showers in southeastern Kansas and eastern Oklahoma this afternoon or tonight, with light rains over the corn belt. Therefore, little attention is being paid to crop news, it being generally felt that the outlook is still very good.

Uppermost in the minds of most traders is the supply side of the picture, with a big carryover in wheat indicated, probably something like 300 million bu, or even more if we fall short in exporting as much wheat as had been planned under the government goal. In any case, 300 million bu would compare with the ten-year average of 235 million bu before the war, and even allowing for some increase in the population would be quite enough for all purposes, except that at the present time more than this quantity is sealed up under loans, or else is included in wheat purchase agreements. Therefore, it is obvious that in order to take care of commercial demand something must be done to attract wheat from the impounded stock, and we feel certain that the government is fully cognizant of this situation. Therefore, CCC is paying very attractive prices for wheat delivered at Galveston, probably hoping that an advance will bring more grain into the free market.

Late yesterday CCC indicated that it would pay $2.44 1/2 for wheat in store at Galveston. This basis after the close amounted to 41¢ over Kansas City May, and looked as though they were trying to keep the price at about $2.45 per bu, regardless of the premium basis. In view of the fact that the loan is $2.32 Galveston, and charges on a good deal of the wheat about 13¢ per bu, it is getting closer now to a redemption level. However, there is not too much attraction yet for farmers to sell, although a higher market from this point might easily bring more wheat into the market. We, ourselves, bought just a little more wheat in Oklahoma and Texas, and it looks as though possiblythe movement were enlarging slightly, but yet the volume has not increased to any appreciable extent.

Primary receipts of wheat today were slightly better, amounting to 644,000 bu; this compared with 468,000 bu last week, and 418,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 524,000 bu.

Markets were a little firm early, particularly corn, and cash interests seem to be displaying a little more confidence. It was also thought that if any round lots had been offered to the government, they might be accepted for export. Some people believe that the Commodity might pay considerably higher than their last price of 17¢ over for Baltimore if any appreciable quantity were offered. Talk is that they might even pay as much as 3¢ per bu better than the last time they were in the market. We believe that the goal is to ship 120 million bu of corn by the end of June, of which 35 million bu had cleared up to the end of January. However, by middle of February the government and the trade purchased a total of about 75 million bu, which still leaves 45 million bu to be purchased.

This week's corn-hog ratio was 15.5, an improvement, which compared with 14.8 last week, and only 10.2 last year. We know that by raising the premium basis for wheat at Galveston that the Southwest purchases yesterday were considerably better. The CCC purchased over 1 million bu of wheat, together with 323,000 bu of beans, and 50,000 bu of milo through their Kansas City regional office. Up in Minneapolis the volume of buying slowed down to some extent, although CCC purchased 360,000 bu of spring wheat through the regional office up there, also 200,000 bu of rye, and 100,000 bu of flax.

Markets were not particularly interesting, and while there was a firm undertone to corn, asmentioned before, wheat was rather indifferent except that the May delivery seems to be in a class by itself. We continue to feel that unless there are substantial redemptions the old crop future is bound to be very strong. July and September wheat are under the influence of satisfactory crop prospects at home, but unless parity declines rather sharply, we would not care to be short these futures at prevailing levels, as we believe that artificial influences will again tie up tremendous quantities next summer under the loan.

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CHICAGO, 4 February 25, 1949.

There was little change in the tenor of the overnight news. The country seems to be selling more wheat on advances; this is true Northwest as well as Southwest. We understand quite a little stored wheat was sold yesterday up in Minneapolis, and there was some evidence that the same was occurring again this morning, although it is doubtful whether loan wheat is coming out; rather we suspect it is wheat which was merely on storage, but a more attractive price now is tempting sellers. In the Southwest, we would judge that both free wheat and purchase agreement wheat is coming out now; in some cases offerings were considerably better than of late, but there is still doubt in our mind whether much loan wheat is being redeemed for the reason that the price is not yet sufficiently attractive to permit it. For example, the loan on Gulf wheat was $2.32 per bu; the accumulated storage charges are about 13¢, and interest amounts to another 3¢ per bu. Therefore, it would take about $2.48 to break even, whereas the market at the close last night was roughly $2.45, and it may be a little higher this morning. Even then producers might want a little profit before paying off their government obligations, so we imagine that the 235 million bu of wheat now under loan will come out rather slowly, but on the other hand, the 108 million bu that was under purchase agreement may find its way to market; certainly during the last two days it looks as though something of that kind were happening. The government intends that it should work out that way rather than to have a lot of excitement after the April 30th maturity.

By following an aggressive buying policy at this time, the market has advanced, and possibly more of this same type of buying will take place, but of course, both kinds of wheat are attracted because there is still a considerable quantity of free wheat which also may be sold during this period.

In any case, there should be no difficulty for the government to fulfill its export goals, but besides that they seem to want a fair amount of free wheat left in the reserve stock at the end of the season to prevent any hardship upon normal users.

This is generally the time of the year when we have rather firm markets; the same is true of corn after the movement has subsided. We find there are only about 36 cars estimated for Chicago today, bookings from the country are light, and while there is about 5 million bu of contract corn in this city, chances are that normal merchandising operations will reduce this considerably before May 1st. This morning the cash basis was unchanged to 1 1/2¢ higher, with the strength mostly in moisture corn. Nobody can tell whether the corn out in the country will dry out normally, the moisture content is generally reduced during the spring months, although this has been a very wet season.

We hear very little from Washington about the progress on the International Wheat Agreement, but it looks to us as a repetition of what occurred after World War I: namely, that many European nations still fearing the possibility of war, are trying to become self-sufficient. The long-term agricultural program mapped out by France calls for ultimate production of 368 million bu of wheat compared with a pre-war average of about 300 million bu. Of course, their population has increased some, and it is calculated that approximately 312 million bu would be needed for home consumption, including feed and seed, but even that would leave 55 million bu for export to colonies and other parts of the world. Even during the present crop year France has not been importing any wheat from the United States, and growers in that country have been complaining about imports of feed grain due to the abundance of native supplies which have been difficult to sell.

Primary receipts of wheat amounted to 419,000 bu. This compared with 503,000 bu last week and 573,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 725,000 bu. We doubt whether the visible supply on Monday will decrease as much as last year when there was a shrinkage of 5.6 million bu.

May wheat was the leader in today's advance. Commodity paid 41¢ over Kansas City May in-store at Galveston and seemed to follow the full market advance paying as high as $2.48 1/2. This inspired some covering which widened the spread between May and the deferred months. May corn was also strong, gaining on the deferred deliveries. With light receipts of oats, the May future also rose and was strong in comparison with later deliveries. On the bulges there was profit-taking in all pits.

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CHICAGO, 4

February 28, 1949

After the close of the market last Friday CCC had raised its export bid for Gulf wheat to 41¢ over Kansas City May for grain in store Galveston, which was about the highest premium that had been paid so far. Since that time by successive steps their premium has dropped about 3¢ a bu where immediate delivery is involved, but further discounts for deferred positions, and it was assumed by the trade that probably Commodity had bought rather large quantities; therefore, felt more independent. When their figures were released this morning this was confirmed, and we found that more than 4 1/2 million bu wheat had been acquired through the Kansas City Regional Office in the one reporting period ending noon Friday. They also bought about 300,000 at Chicago, and 982,000 bu spring wheat at Minneapolis, together with 1 1/4 million bu Saturday; so all told they came into possession of sizeable quantities. This very likely occasioned a lower premium basis on further purchases, particularly as the futures market had advanced quite sharply. We do not believe from what we hear that much wheat is being offered from country points in the Southwest, although it is our understanding that in the Northwest country purchases have been of fair size. Some of this was stored wheat and some consisted of terminal warehouse receipts, probably includingsome grain in country elevators, particularly where farmers have been contracting in a small way for farm wheat as soon as the roads got into shape so that hauling of grain would be possible.

When our market opened this morning there were slight recessions all along the line. The estimated receipts of corn were a little larger, although not particularly big for a Monday, and we understand that bookings are not at all important, but there are numerous reports at hand that the quality of the corn in the country is not improving any, and that the moisture content is about as high now as it was thirty days ago, which is rather unusual. Everyone knows that with the market lower than the loan, farmers will try to place their dry corn in government hands, but that, of course, leaves the question open as to how much will finally seek its way to market if there is likelihood of deterioration of wet corn as we come into the warmer months. We lean to the view that while the commercial demand for corn is not particularly heavy, one of these days the government will have to do something further on its export program, and probably step in just as they have lately in wheat to take on larger quantities. As far as May wheat is concerned, it seems to have gained friends, particularly on recessions, with the thought that there must still be considerably more wheat either under loan or in purchase agreement than will probably be carried over on July 1, 1949. Therefore, it will unquestionably take a still higher price in order to attract farmers to sell on a more extensive scale. Whether this will eventually widen the spread between May and the new-crop months depends to some extent on whether the July and September deliveries are under pressure, or whether they may be later influenced by the fact that next summer's loan will undoubtedly be relatively high.

After the close of the market today we shall have new parity figures, and this may be somewhat of an indication of what is to be expected between now and end of June. As we have pointed out repeatedly if the loan were established on the last parity figure we have available, it would still amount to about $2.26 Chicago if computed the same as last year. We should not be surprised to see a somewhat higher differential over Kansas City than has previously been made for the reason that the freight from Missouri river points to Chicago is more than 14¢ per bu, while when the loan first started in 1938, the freight was about 9¢. Therefore, the Chicago loan at only 5¢ above Kansas City is unrealistic, and we believe was in large measure responsible for some of the congestion last season when farmers were reluctant to send their grain to Chicago even though there was some free storage space here.

When the visible supply figures were posted there were impressive decreases all along the line. In wheat it amounted to 5.9 million bu, in corn 3.8 million, and in oats 1.7 million bu. The latter cut total stocks down to nearly 5 million bu, which is certainly a very small quantity left in the various markets considering the big crop. The corn visible, while nearly 41 million bu is double that of last year, but at least we are making heavy inroads on the accumulated supplies. The wheat visible has been reduced to about 96 million bu -- still 20 1/4 million bu more than last year.

Markets were rather firm after some hesitancy at the start. There was no appreciable amount of buying in either corn or wheat, but only moderate pressure until we had had a pretty swift upturn, and then some profit-taking developed.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 1 1949.

After the close of the market yesterday BAE gave its monthly report on the parity price situation, claiming that the parity ratio had declined to the lowest since July 1942. For example, parity on wheat is $2.17, which is 2¢ lower than last month; likewise, 2¢ lower than last year. Corn parity is $1,57, also a drop of 2¢ against the January level, and the same drop from the 1948 February parity. In oats the decline was only about 1¢ per bu as compared to both previous periods. This may have had a somewhat bearish influence on markets today, particularly as it was figured that the general price level might decline further between now and end of June, when the wheat loan is finally established based on the parity price as of that date. As we look at the price level of various articles purchased by farmers, we find recessions taking place pretty generally, although so far this year prices of items used for rural living have declined more than prices of goods used in production. For example, the retail prices paid by farmers for food continued to decline during the month, and averaged about 9% below a year earlier. Lower prices for meats accounted for most of the recession, although decreases were also recorded for dairy products, flour, bread, coffee, oranges, and bananas. As an offset there were some increases: namely, sugar, rolled oats, tea, apples, and vinegar. The whole system of computation is so involved that few people can guess ahead of time just what to expect, although we seem to be in for a period of gradually cheaper goods; even such items as building materials have shown a trend toward lower levels, although there are a few items, such as lumber, which are declining rather slowly. The decline might have been more severe except that there were offsets; for instance, higher prices in some cases for automobiles, farm machinery, equipment, supplies, and seed. Apparently the Agricultural Department has to weigh all these items very carefully before coming to any definite conclusions.

The trade is paying a good deal of attention to CCC purchases. For the week ending February 25th, they bought 11.3 million bu wheat and about 2 million bu flour in wheat equivalent. Purchases of corn were small, amounting to only 47,300 bu, although purchases of 1.3 million bu barley were made. Since that time there has been great activity in the wheat buying, and we have reported part of this in our letters from time to time. However, it became known this morning that in the period ending Monday noon, CCC through their Kansas City Regional Office purchased over 8 million bu wheat, following the 4 1/2 million bu purchased in the previous period. In Minneapolis they acquired 673,000 bu spring wheat yesterday. All this indicates that when the price is right they improve their position, although we take it that some of the grain was bought from second hands, and apparently the farmer in the Southwest is still somewhat reluctant to sell his loan wheat. Our people figure that the price will have to go to about $2.50 Galveston before much of that grain will be redeemed. In any case, markets today seemed to be a little reactionary but there was an early spurt in corn because of the fact that government price had been advanced, and the market is very sensitive to news of that kind.

There is still no confirmation of the sale of 85 million bu Australian wheat to the United Kingdom and to India, although Broomhall believes that India will be a large importer of this grain during the season. Australian wheat and flour shipments since the first of the year have amounted to 16 3/4 million bu compared with 19 1/4 million last year. There still remains 129 million bu for export and carryover compared witb 136 million bu in the same period last year.

Primary receipts of wheat today were over 1 million bu; a week ago was a holiday, last year receipts were 580,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 115,000 bu.

After mid-session markets turned rather weak, although May corn held relatively well, probably for the reason that the CCC corn buying basis figures 10 3/8¢ over FOB cars Chicago. This is for #2 yellow corn, 14% moisture. The domestic market for #2 yellow corn, which would be about 15.5 moisture is 4 1/2 to 5¢ over, and east of here it is offered around 3¢. Therefore, sellers are tending a little more towards dealing with the government. Apparently much of the wheat that has been bought recently by the Commodity constitutes free wheat, but we still feel that there is enough tied up under the loan that we are going to have a closely adjusted situation until more redemptions take place. This is probably the reason for the May delivery remaining at such a big premium over the new-crop months.

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CHICAGO, 4

March 2, 1949

There was a little more bearish feeling this morning for the reason that the government has bought such large quantities of wheat, and some of the analysts are of the opinion that they are reaching the end of their goal and that from now on their requirements to fulfill export commitments will not be heavy. Ordinarily this reasoning would be 100% correct, and we have seen even in normal times when there was no government buying after individual firms had covered their requirements markets often reacted.

However, a different situation exists today, and while we may be wrong we are constantly reminded that redemptions up to the present time have not been heavy, and we doubt whether the figure is very greatly reduced since the first of the year, although, of course, it is difficult to keep books for the government, and they have not given any official notice as to how much wheat has come out of the loan or how much has been reduced from the amount under purchase agreement. Therefore, everyone is working more or less in the dark on this particular question. However, one of the well informed men in PMA told us a short time ago that the figure of 343 million bu covering all wheat placed under loan and under purchase agreement might be a conservative figure owing to the fact that they did not have complete reports at hand. He also remarked that the redemptions had been very small, and on that basis we assume that there must be upwards of 325 million bu still taken out of the commercial supply. If we are correct in this surmise, it impresses us that while there may be plenty of wheat for the moment to take care of commercial users, such as millers and processors, the time element will gradually bring a tightening to May wheat until a point is reached at which the impounded grain may be redeemed. This may come later than we thought at first if much of the export business now consists of the free wheat, because it simply delays the process which we believe is finally inevitable. If the quantities of grain still to be purchased by the government are not large enough to carry the price to a point that will bring about redemptions, then, of course, defaults will be heavy. However, when wheat goes to the government by default, it requires a pretty high price to finally bring it out. Thus we cannot change our opinion as to the outcome of the nearby deliveries in various markets unless there is something in the situation that we have completely overlooked.

It is not difficult, however, to appreciate why the market seems to be so nervous with supply and demand factors bearish, but the other artificial influence cannot be ignored. Recent weather in this country has been satisfactory, and most of the state reports are still quite optimistic. According to the Missouri crop bulletin it will take another week or more to determine if any damage occurred from the ice and snow which covered the fields for several weeks. The break in futures has created a situation, particularly Southwest, where offerings have become very light. Thus the latest government business is on a smaller scale, although CCC purchased 716,000 bu wheat yesterday through their Kansas City Regional Office, and 325,000 bu spring wheat in the Northwest, although corn purchases were on a much heavier scale, and the total between those two points amounted to 1.7 million bu. They also purchased 1,211,000 bu corn in Chicago.

Primary receipts of wheat were a little better, and amounted to 726,000 bu compared with 1,139,000 bu last week and 264,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 152,000 bu.

There were periods of weakness owing to the bearish sentiment which developed, and which we described earlier. However, late in the session it became apparent that while there was no fixed price at which CCC was buying in the Southwest, there were some sales ranging from $2.44 to $2.45, basis Galveston, which at the time figured as high as 39 1/2 over Kansas City May, or a considerably higher premium basis than yesterday and the day before. Also, the Nebraska weekly crop report was not quite as optimistic as some of the others, and they claimed that it was figured that the ice coating may have damaged wheat, while Southwest counties were complaining of dry topsoil conditions, so that more moisture would be needed. In any case the close showed considerable gains from earlier, and as long as we have this government program of buying, also the high and unrealistic loans which create artificiality, it is not easy to figure on sustained weakness.

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CHICAGO, 4 March 3, 1949

Late yesterday PMA published some interesting data and statistics with respect to the 1948 crop grain loans and purchase agreements. "The closing date for loans and purchase agreements on wheat, oats, barley, rye and dry edible peas was December 31, 1948, and on grain sorghums and dry edible beans, February 28, 1949. The closing date for loans and purchase agreements on corn is June 30, 1949. Totals of the respective grains under loans or purchase agreements as of January 31, 1949, are shown as follows:

(Bushels)	Loans	Purchase Agreements	Total loans and Purchase Agreements
Wheat	250,893,477	113,436,645	364,330,122
Oats	14,690,560	8,580,179	23,270,739
Barley	30,869,088	18,284,716	49,153,804
Grain Sorghums	26,999,684	2,009,773	29,009,457
	(15,119,823 cwt.)	(1,125,473 cwt.)	(16,245,296 cwt.)
Corn	134,995,738	13,436,479	148,432,217
Rye	751,134	667,169	1,418,303
TOTAL	459,199,681	154,414,961	613,614,642 "

In analyzing these figures the most interesting item, of course, relates to wheat where there has been an increase of nearly 20 million bu since the earlier figures were given, and at end of January there was 364.3 million bu impounded, of which 60,126,985 bu consisted of farm-stored wheat, 190,766,492 warehouse-stored, and 113,436,645 purchase-agreement wheat. It has been quite obvious for some time that wheat under purchase agreements could be redeemed sooner than other grain for the reason that it would not have the accumulated charges. Therefore, we call attention to the fact that in Texas there was 3.1 million bu in this category, in Oklahoma, 4.8 million bu, and in Kansas 27.5 million bu. Even assuming that the price finally advanced to a point at which all the purchase-agreement wheat could be liquidated, it would still leave nearly 251 million bu under the loan, assuming that none of the loan wheat had been redeemed since end of January. We read in the newspapers today that the government might call loans prematurely in those sections of the country where wheat might be endangered by possible floods. Officials claim this action would be designed to protect the government's investment in such commodities. A formal decision on the matter is expected soon. Whenever a loan is called the farmer-borrower has the choice of turning the grain over to the government as full payment of his loan, or of taking full ownership of the grain by paying off the loan. However, it is our belief that only unimportant amounts would fall under this classification; therefore, we must conclude that there is probably still more wheat impounded than we shall have in the reserve stock on June 30, 1949.

World exports of wheat and flour August 1 to February 26 were 508 million bu, of which United States contributed 286 million, Canada 118 million, Australia 63 million, Argentina 31 million, and Russia 8 1/2 million. The past week, the total was 18 million and the week before 17,347,000. United States is currently exporting 8 or 9 million bu per week.

Primary receipts of wheat were quite heavy and amounted to 952,000 bu compared with 644,000 last week and 296,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 341,000 bu.

Purchases of wheat by CCC were on a somewhat smaller scale. In the Northwest, they bought 460,000 bu of spring wheat; also, 50,000 bu each of amber-durum and of corn. Through the Kansas City regional office, they purchased 432,000 of wheat, 75,000 bu of beans and lesser quantities of corn and sorghums. We are told, however, that despite the big premiums that prevail for cash wheat that the country is not an eager seller and apparently it is going to take still higher levels to bring much impounded wheat back to the open market. As far as we could learn, the government price today was 40 over Kansas City May for wheat in-store, at Galveston, but it did not look as though any large volume of business had been put through. Corn and oats were independently weak, and while the Chicago corn-hog ratio is still quite attractive, it does not have much of an influence on the market. This week it was 15.1 compared with 15.5 last week and only 9.0 last year. Milling business generally does not show much improvement, but, of course, it has been at low-ebb for so long that it is probably only a question of time before there is bound to be a pick-up. Apparently bakers have been very reluctant to buy, except from hand-to-mouth, owing to the fact that the old crop wheat positions have been ruling at such a big premium over the new crop futures. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 4, 1949.

Export allocations for the second quarter of 1949, which incidentally is the last period of the 1948-49 wheat crop season, call for 71.2 million bu wheat and flour. In addition to this the Department of Agriculture claims that 23.3 million bu will be shipped to Western Hemisphere and Philippine destinations, which presumably will be procured by the trade, but these two items total 94.5 million bu. This would bring the 12 month allocation, plus the quota-free wheat, to the 500 million bu which has been the goal for some time. Procurements up to March 1st by the government were 332 million bu, and commercial quantities added to this of 92 million bu, give us a total of 424 million bu. Apparently this would leave 53 million bu for the government still to buy, and 23 million bu for the trade to take care of. Inasmuch as the CCC contemplates exporting 71 million bu in three months, or at the rate of nearly 24 million bu per month, we might conclude that 48 million bu would represent the quantity to be exported during May and June. Later on, of course, they would come into possession of loan wheat through defaults, and therefore, it leaves an indeterminate amount that might still be purchased in the open market during the next few months. Some people estimate that the moment the government has its presumable requirements, it will cease operating the way it has up to now. However, there seems to be a difference of opinion, and apparently the rate at which purchases are being made would suggest that the market might be pretty well supported in an effort to carry values to a point at which redemptions might take place. We note that there was only 390,000 bu spring wheat bought yesterday through the Minneapolis Regional Office, although in the Southwest they purchased 1,135,000 bu, together with 60,000 bu corn, 375,000 bu beans, and a small quantity of milo.

In talking with some of our friends in the Northwest, the situation there seems to be somewhat different from other parts of the country. The present premium of spring wheat over Minneapolis May is about 20¢ per bu for just ordinary protein wheat, and, of course, on that basis there are some redemptions possible onthe purchase agreement wheat, although we believe it would probably take more than 15¢ advance before the loan wheat would come out. In the Southwest, while premiums are very high, it is not that close to a working basis, and we do not hear of much purchase agreement wheat being redeemed, although the CCC office apparently is willing to pay about 41¢ over Kansas City May for wheat in store at Galveston, and thus theprice this morning wax about $2.45 Galveston, although it would probably take a somewhat higher figure to tempt the farmer to redeem some of the wheat presently under loan. As a matter of fact, there is a comparatively small quantity of wheat in Texas under purchase agreement, although in Kansas the percentage is somewhat higher. Thus the situation is in no way uniform throughout the country.

The world corn crop is now estimated at 6 billion bu, slightly larger than the November estimate, and considerably above the 1935-39 average of 4.8 billion bu. However, the bumper crop in this country had much to do with the situation. Corn seems to be under some pressure for the reason that there are complaints from this country that corn is not drying out properly, and that the moisture content is virtually as high as it was 30 days ago.

Primary receipts of wheat were 926,000 bu compared with 419,000 bu last week and 439,000 bu last year. Minneapolis and Kansas City stocks so far this week show a total decrease of 399,000 bu. When the visible supply is posted Monday, it will compare with a decrease last year of 3.6 million bu.

Volume of trade has become much more moderate in all pits. There was some weakness early, as a number of traders felt that the export program was nearing completion. In fact, this was responsible for yesterday's bearish sentiment, also. However, it now looks as though even when the commitments for the present crop season have been completed that the government will try to cover some of its commitments for next season, possibly buying 50 million bu in anticipation of July and August shipments. This, of course, could have a stimulating effect, and gave the market a firmer undertone, with the close near the best levels of the day. The pattern was followed by other grains, and while corn had also been somewhat easier it finally rallied, although there was no particular news surrounding this cereal except that on declines bookings from the country appear to be lighter.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 7, 1949

"The power to tax involves the power to destroy." - Justice John Marshall.

It looks to us as though the saturation point had virtually been reached with respect to our federal tax structure. The fact is that the tax dollar when taken into the treasury becomes temporarily sterile because government is not a producer. Actually when taxes are raised, the individual taxpayer has less money to spend after paying his federal obligation. That means that the taxpayer can buy fewer goods and services with the smaller amount he has left. Likewise, with corporations the raising of tax rates means that they cannot hire more workers, enlarge facilities, or produce new products, all of which would provide jobs so that in carrying it further employees in turn cannot pay taxes on their earnings. It is interesting to note that in 1925, when Secretary Mellon proposed a drastic cut of about 20% in income taxes of individuals and corporations, the treasury thereafter took in more tax money than during the previous period when the rate was higher. Almost 2,000 years ago, the Roman Emperor Tiberius stated it well in a single sentence when he said: "It is the part of a good shepherd to shear his flock, not to skin it."

We believe the same statement could be made regarding the margin question. These deposits by customers have a very definite purpose in protecting both the clearing member and the Clearing House against loss. It is surety money that is pledged in fulfillment of an obligation. Over a period of many years, the failures on organized grain exchanges of the country have been few and far-between. A commission house believes in self-preservation and protects itself to the extent that it feels the risk involves. When government enters the field and demands punitive margins to be deposited for social reasons, the volume of trade contracts, and this shrinkage often robs the market of liquidity. However, hedging operations suffer, and while it is probably the intention to have a more stabilized market, often the opposite effect is obtained. The reason for this apparent paradox is not difficult to understand if sufficient study is given a matter of such prime importance. As in the case of taxes, if the real object of government is to formulate a sound program, the whole matter should be undertaken from a realistic point of view in order to protect the citizens in every way possible.

Before our market opened this morning there was very little news of any kind. It still remains a question whether the government will obtain more than the 500 million bu wheat and flour from the 1948-49 crop. Obviously if they are going to start shipping wheat in July, they have to have some stocks on hand, but still with the tremendous carryover that seems likely, much of it possibly in their hands, there will be no urgency to make purchases now to take care of shipments as far ahead as next August. Here again we think it is a question of what they deem expedient in connection with getting some of the wheat now impounded back into free supplies. The whole thing is quite involved, and certainly if another big harvest is obtained next summer, we are going to have very large quantities with which to deal. Under these circumstances, there is no great confidence amongst holders nor much support from new speculative buyers. What happens for the next few months is insignificant unless we have a big export outlet to take care of the surpluses which are bound to increase.

Primary receipts of wheat today amounted to nearly 2 million bu compared with 1,197,000 bu last week, and 815,000 bu last year. Apparently the high price and the big premiums are stimulating country movement; therefore, with all the buying that took place, (the government having purchased 28 million bu last week) our visible supply figures decreased less than 1 1/2 million bu, so total stocks in all positions are 94 1/2 million bu versus nearly 72 million bu last year. Corn showed a big decrease, which amounted to 5 1/4 million bu; total stocks at 35.6 million bu are nearly 18 million bu more than in 1948. The large shrinkage in oats of nearly 1 million bu carried the total down to 4.1 million bu -- a little less than last year. Chicago stocks of all grains showed decreases during the period.

We are told by friends downstate that while the corn is still rather wet that March and April should be a period of improvement; winds and warmth generally bring about these results, as compared with the bad fogs and dampness which have prevailed up to now. If this is the case, the impoundings will still be very heavy. We expect that a big percentage of the carryover will be under government seal.

Markets were rather firm early, but yielded some ground on the expectation that surpluses without adequate outlets will finally create innumerable problems.

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CHICAGO, 4 March 8, 1949

There was no particular grain news overnight, but it is becoming more apparent right along that unless we have a crop failure this summer, the problem of supporting prices will become exceedingly difficult, although no doubt a good deal of money will be used as a bolstering influence. It must be remembered that the 90% parity loans will still be effective next summer, but we doubt whether farm prosperity can be perpetuated for an indefinite period without severe loss to the treasury. Those who have claimed that the building-up or stockpiling of grain during periods of favorable production to be used at a later period when we have crop failures have no documentary proof. As a matter of fact, there are too many examples, not only in this country, but elsewhere in the world, that most of these schemes were finally doomed to failure. In fact, it is already being demonstrated that natural forces are in operation. Our farm commodity prices have had severe jolts in the early part of each of the last three years, As a consequence, the index of wholesale farm commodity prices has declined 17% from the post-war peak of January 1948. Behind this persistent weakness is the influence of larger crops throughout the world, and particularly bread grains, which are now being raised more abundantly on the Continent of Europe. Supplies generally are heavier than at any time since the war, so that a number of countries have been able to remove or relax controls. Thus it is fair to assume that we must expect a lessening demand for surplus crops, thereby adding to the burden in surplus countries. Finally we expect that farmers will be regimented at least to the extent that they will be told how much acreage to plant and finally there may be even quotas as to how much they may sell.

It is for these reasons that more strenuous efforts have been made at the recent World Wheat Conference to cut the maximum price from $2to $1.80 a bu. This is quite a concession on our part as under present relationships, it would require a rather healthy subsidy if we are going to continue to give the farmer at home comparatively higher prices for his grain. Moreover, if we should ship only 200 million bu wheat and flour next crop-season, as is contemplated under the International Wheat Agreement, it would leave us one year hence with a carryover reserve of well over 600 million bu, or more than is consumed at home in the form of bread by every man, woman, and child. Under these circumstances it is not too easy to enlist enthusiasm on the constructive side of the market, despite the artificial factors which now prevail.

Primary receipts of wheat amounted to 1,806,000 bu compared with a little over 1 million bu last week, and only 553,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 75,000 bu.

CCC was again a big operator in cash wheat; we note yesterday their purchases at Kansas City amounted to nearly 3 million bu, almost as much was acquired at Portland, and a smaller quantity in Minneapolis, making the total practically 6 million bu. They are also taking some corn and some beans, and were it not for this support we believe markets would be considerably weaker. As a matter of fact milling demand continues very slow. Naturally with the big premium of May wheat over July, nobody is going to carry more into the next crop than is absolutely necessary. However, it makes appraisals most difficult, and ordinarily with a prospective carryover of 300 million bu wheat, the May future would be selling close to the price of July. However, with the government apt to come into possession of practically the entire reserve stock, nobody can be very sure of the future.

There was some moisture in western parts of Kansas, and at Goodland they claim it had been raining two hours, also some wet meltimg snow at Colby, which, of course, is very beneficial coming at this season of the year. The forecast, however, is not for any large amount of precipitation, but temperatures may be somewhat lower.

Bookings of corn are not particularly heavy; on the other hand, the market is lacking any aggressive action on part of processors. With this in mind there seems to be very little issue at the moment, and markets are drifting, with volume of trading rather slow.

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CHICAGO, 4 March 9, 1949.

There had been some rather general moisture overnight covering southwestern areas. It was not heavy but yet must only be construed as favorable coming at this season of the year. Chances are that we shall probably have a little further precipitation, followed by clearing weather. Thus crop reports are still very optimistic and in talking with several experts we find that there is no reason to look for any change from recent government figures based on present known facts. With this in mind, and believing that European crops are also progressing satisfactorily, there does not seem to be much bullish enthusiasm, particularly if exporting countries find greater difficulty next season in selling their wheat and flour abroad.

For the nearby outlook, however, there is still a good deal of controversy as to whether or not remaining supplies will be offered in the free market or whether they will be more or less tied up under government loans. The BAE in its latest bulletin, entitled DEMAND AND PRICE, which was released for today's publication, calls attention to the fact that the quantities to be procured by CCC would be obtained in part by deliveries under the loan and purchase-agreement program. However, they point out that if feed and other items of disappearance turn out to be less than previously indicated, the carryover stock on July 1, 1949, could amount to nearly 350 million bu. However, if this assumption might finally find fulfillment, the quantity under loan and purchase-agreement being so large might cause a close adjustment before the new crop supplies become available. They mention that unless price advances sufficiently to cover loan costs, it would be expected that the large quantity under loan and purchase-agreement will be delivered to CCC. This has been our worry for some time, although the high premiums that prevailed may have eased the situation, and during recent days government purchases have been very large. It remains to be seen whether the adjustment from now on will have to come through an advance in the price of old-crop futures, or whether it will be entirely reflected through a high premium basis. Our guess is that if the carryover were only 300 million bu, and 75 million bu were free, this would be sufficient to prevent any squeeze until supplies from the new crop were available. However, there is no assurance at this time that the redemptions have been heavy enough to bring about such a situation.

Farmers' cash receipts from marketings in February were about $2 billion, which is 20% below January, but still 10% higher than February 1948. The decline, according to a Federal Agency, is due to a seasonal decrease in marketings of farm livestock and crops, partly because of a shorter month, but also due to the drop in average prices. Cash wheat prices in late February were again moderately above loan levels after having declined to 15¢ below at Kansas City on February 9th, which compares with 18¢ below on August 2nd, the low for the season. The chief decline was associated with sympathetic declines in other commodities, but it must be remembered that on loan wheat accumulated charges make it more difficult for redemption now than if the price had recovered and reached the loan level early in the season.

Just before mid-session an article appeared on the broadtape indicating that CCC was planning to offer grain growers a year's extension on price support loans covering 1948 wheat and corn. The method considered would simply pay producers a fixed storage fee of possibly 10¢ per bu to hold grain for another year. It was said this might induce farmers to build more storage, and would thus relieve the overall problem. CCC officials admitted that the plan had been discussed but declined to elaborate.

The first effect was to cause some weakness, because it emphasized our surplus problem. However, markets later rallied on prospects that the defaults might be lighter under this plan.

Primary receipts of wheat today were a little over 1 million bu, compared with 726,000 bu last week, and only 273,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 88,000 bu.

Government purchases were again heavy, with 1 1/2 million bu acquired at Kansas City yesterday, and 425,000 bu spring wheat at Minneapolis, together with 110,000 bu durum wheat. In view of last week's purchases, which were 24 million bu, they apparently decided to lower the premium basis, and in the Southwest it was cut to 39¢ over Kansas City for wheat in store at Galveston, first half of March delivery. Bookings of corn seem to be light. UHLMANN GRAIN CO.

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CHICAGO, 4

March 10, 1949

Ordinarily at this time of year we start getting some crop scares, but the season seems to be a little later than usual, temperatures have not been up to seasonal averages, and, therefore, there is not much growing weather yet, in order that one may determine with great accuracy the outlook of the crops. However, the moisture situation is probably more satisfactory than last year, and most experts still feel that the winter wheat crop is up to the last government figure of 965 million bu, which, of course, seems very large, but yet on an acreage of more than 61 million acres, it is more than probable. In a general way reports from the crop areas are very good, and, of course, more growth would be desirable preceding the usual spring winds, but for the present there seem to be a minimum of complaints.

On the assumption that loans on the 1948 wheat and corn crop may be extended, the government apparently is not quite as aggressive pricewise in buying further commitments, and yesterday they reduced the bid on gulf wheat rather sharply, but despite this we know that purchases through the Kansas City office were 2.3 million bu, while in the spring wheat areas Minneapolis purchased 320,000 bu. At this rate it will not take long before their goal is reached, and very likely the trade is impressed with the ease with which these purchases are being made. To what extent free wheat is being sold, of course, nobody can tell. However, our queries to the country indicate that the amount of loan wheat redeemed has not been particularly large. If this is the case we feel that the situation further along might still become tight, and if there has not been much selling of loan wheat up to the present time, it is almost a foregone conclusion that farmers will hold steadfastly to their wheat until the market is more attractive. Up to now whatever redemptions have taken place were occasioned by the high premiums over the futures which have prevailed. One of these days, however, cash and futures will have to come together. If there is still a large amount held back then, of course, the May futures might reflect tightness, although as we pointed out yesterday if even moderate quantities were brought back into the free market, it would probably be sufficient as none of the actual users of wheat want to carry more than they need into the next crop, feeling that supplies will be more plentiful after next harvest.

It was felt today that while a bid of only 38 1/2¢ over Kansas City May was made for Galveston wheat if anything were offered at 1/2¢ higher it might be taken. These changes, however, take place momentarily, and, consequently, a decline such as occurred today of 1/2¢ per bu is not too important. We note that the open interest in May wheat in Chicago is still 24 million bu, almost as much as the combined open interest in the other three futures. However, July, September, and December wheat are more or less under the influence of good crop prospects and the probability that next year European demand will be much less keen.

Primary receipts of wheat amounted to 1,260,000 bu compared with 952,000 bu last week and 321,000 bu last year. Kansas City and Minneapolis stocks together show a decrease of 184,000 bu.

It seems whenever short covering is completed that there is no follow-up buying and it is certainly difficult to arouse any enthusiasm on the constructive side of the market when reports from the country indicate that there is so much grain around. As we have mentioned before, we look forward to 1 1/4 billion bu of wheat, corn and oats being carried into the next crop. Besides that, it looks as though production next summer would at least be average, based on moisture conditions. Therefore, the government support programs will be up for a real test. Many of the theories may finally be exploded when we have to meet these realities. The country is still full of corn and, of course, having had an open winter, there is still a good deal of high moisture to be reckoned with. Under these conditions, it cannot all be sealed under loan and later on the movement of wet corn may become a problem. While everybody likes to see fair prices for farmers and equitable relationships, we have to face the fact that for 4 or 5 years now we have had bumper crops with few exceptions, such as the small corn crop in the summer of 1947. All this may have some bearing on any possible change in the loan program but even a sliding scale in place of the 90% parity loan may put the whole program to a test that may not be too far away. The one thing, of course, to watch is the crop outlook, but, as we have mentioned above, it is certainly satisfactory as of this date.

The bookings of corn were a little heavier and it appears that on rallies more selling from first hands seems to take place.

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CHICAGO, 4 March 11, 1949.

We have been studying and following farm legislation ever since it was first conceived, and we have seen a good deal of emotional psychology displayed. It was first regarded as necessary to prevent disastrously low prices, but ever since the procedure has been given special consideration not accorded to other citizen of this country. At times there have been protests that farm labor was not fully included in the parity formula. Others have wanted a higher basic guarantee, but to our knowledge little recognition has been given to the improved farming techniques which have taken place in the last decade, and which may finally create such a burden that the whole program will be defeated unless properly dealt with.

The past year we raised the largest corn crop in the history of American agriculture; 20 million less acres were used to produce this record yield as compared with the near record years of two decades ago. Formerly, it seemed impossible to secure high yield and standing stalks with open pollinated varieties that were used. This past autumn experts claimed they saw fields yielding more than 228 bu per acre, and this was taking place on standing stalks. An excellent picture of modern farming operation was shown on the Mecherle farm east of Bloomington, Illinois. This field yielded 220 bu per acre on standing stalks. Good farmers have been devoting more attention to better land use, fertilizer usage, and to the quality of the crop as well as the quantity. Complete mechanization of the farm permits producers to raise more food, with greater efficiency and economy than any other group of people in the world. It contributes the greatest number of pounds of food per man in all the long history of agriculture. During the four critical years of World War II, when manpower was such an important factor and the farmers produced the equivalent of an extra crop of corn because he operated with increased economy and efficiency on a completely mechanized farm. Sidney Cates, noted agricultural writer, summarizes the development in this way, "No other nation produces food with less effort of less than one-half its workers. Nations with lower economic standards take more than 80% of their labor force to do the task." Similar stories might be related in the development of other cereals, although possibly not to the same degree. Nevertheless, we are still trying to figure an equitable balance between a bushel of grain and what it will buy in relation to the farmer's needs, while actually production per acre has increased to such an extent that this whole comparison has become meaningless. What a farmer really needs and should have, if we are going to carry on farm programs, is income parity based on total production and the results obtained rather than on the per bushel basis, which formerly was so much smaller than at the present time. The discovery and application of various scientific measures, and the transfer of these facts to a practical problem of providing farmers with bigger and better crops is a dramatic episode; but it has been completely ignored in all economic studies with respect to farm legislation.

Primary receipts of wheat amounted to 1,240,000 bu, which was quite large. This compared with 926,000 bu last week and only 387,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 192,000 bu. When the visible supply is posted on Monday, it will compare with a shrinkage last year of 4 3/4 million bu.

It is quite apparent that when either the market or the premium basis breaks, or when both occur, that government wheat purchases are smaller, and yesterday they acquired only 337,000 bu wheat through the Kansas City regional office and 250,000 bu spring wheat at Minneapolis. Today's bid was 38 1/2 over Kansas City May for wheat in-store at gulf ports. We doubt whether this attracted much additional selling from the country, and, therefore, we continue to believe that the defaults may finally be very heavy. There was some early scattered selling of corn , but this increased when the government rejected offerings at yesterday's price; in fact, this news item was construed bearish on all grains, and we had rather heavy liquidation in various pits. The market was thin, and with moderate selling declines were quite rapid, but there were also some fair recoveries. Bookings of corn from the country were reasonable, but the daily arrivals are not at all burdensome, and we look forward to another fair-sized decrease in the visible supply on Monday.

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CHICAGO, 4 March 14, 1949

There was no special grain news over the week-end. Weather is still reasonably cool, and possibly the season has been retarded, but old-timers still feel that this is better than to have growing weather early with frosts later on which might hurt the crop. Furthermore, roots seek a deeper level when the growth starts gradually, and we hear no complaints from any of the growing areas. As near as one can tell we shall have a minimum wheat carryover at the end of the season of about 300 million bu. If all goes well and average conditions prevail, the new crop, including winter and spring production, could give us an additional 1,200 million bu, so that total supplies at the beginning of the season will be about 1,500 million bu. We had a similar situation in the season beginning July 1, 1947, but, of course, at that time the outlook for exports was very much better than at present. Otherwise one would have to go back to 1943 when total supplies were larger, but then, as in the preceding years, it was only a question of time before the war would end and when an unusually big demand would assert itself.

As conditions now stand, Europe is gradually recovering agriculturally, and with our home consumption down to about 700 million bu, it looks as though we might have more for export and the following carryover than is needed at home. Should our exports next season be pared down to, say, 300 million bu, we would add substantially to the reserve supply one year hence. Of course, there is no assurance that these big crops are going to be with us indefinitely; nor, indeed, does anyone know whether the government will impose acreage restrictions, but even some reductions from the 61 million acres of winter wheat and about 19 million acres spring wheat might still give us big results. Unquestionably this is giving the government some concern, although the thinking is mostly in terms of the next three to six months, and even on the long-time program for the loans there is a great variance of opinion as to what should be done. It goes without saying that as long as prices are reasonably high the farmer is going to cut acreage reluctantly, and sometime soon there must be a day of reckoning. There can be little dispute on the proposition that when non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will pass to the government by default. We still feel that unless the price of cash wheat advances the redemptions from the 1948 crop will be small from this time onward, and thus the government may find itself in possession of a big wheat stock. This is the reason that the May future is still bringing a big premium over new-crop months. The latter are reflecting more the outlook after another crop is harvested, and for that reason prices are considerably below the probable loan.

When the visible supply of wheat was posted, there was a decrease of only about a million bu. This brings the total stock down to 93 1/2 million, so there is about 26 1/4 million bu more on hand than last year. In corn, the decrease amounted to 2.8 million bu, with total stocks now 32.8 million vs 15.3 million bu last year. In oats, just a nominal decrease occurred. Total stocks are now 4 million bu, or about the same as last year. At Chicago, slight decreases were noted all along the line. The wheat stock here is 1.6 million bu, the corn stock 6.5 million, oats only 370,000 bu, rye 465,000 bu and 1 1/2 million bu beans.

We had quite a sharp reaction in the market following the advance Saturday. Milling business was not as good, although some further sales reported. The government reduced its export bid to 38 over Kansas City May, which is 1/2¢ lower than recently. We note, however, that their purchases have been smaller, with only 458,000 bu acquired through the Kansas City regional office, together with 375,000 bu at Minneapolis Friday and 425,000 bu Saturday. While the wheat receipts at Kansas City were heavy, a good part of this will apply on previous contracts, and shows that the country has been a liberal seller, although now country offerings are light. After the early liquidation, markets firmed and with little pressure fair advances were scored as compared with previous prices.

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CHICAGO, 4

March 15, 1949

When loans on basic commodities were first administered, the Secretary of Agriculture was given discretion to apply them at between 52 to 75% of parity, and this latitude apparently was deemed advisable in order to prevent the government from having vast accumulations that might later create market difficulties. At the start these loans were at the lower rather than at the higher level, and they were also administered with the idea of preventing disastrously low prices, so that farmers would not have to sell their crops all at one time if cash or speculative demand happened to be light during any particular period. However, we have gone a long distance from this early concept, and finally political pressure has boosted these loans up to 90% of parity; in the case of cotton to a slightly higher level, with the result that during the period from 1941 to 1943, the carryover stocks of wheat mounted considerably and there might have been trouble except for the post-war demand that finally brought us some relief.

It was interesting to note that after the close of the market yesterday, the Department of Agriculture announced that it would support grain sorghums for the 1949 production at only 70% of parity instead of 77% as of last year. This is the first time that a downward adjustment has been attempted for grains. Previously, and certainly during the war years, the aim was to get loans as high as possible, and probably certain officials are learning that to keep the level too high would finally attract too much wheat from commercial channels. This is something that we have been preaching for a long time, and we feel so definitely that there can be no alternative if loans are kept at levels that are too high or unrealistic based on actual conditions. The lower support price for milo was said to have placed it in better competitive position with other feed grains, and it will be based on parity prices as of April 15th, so that 70% would be about $2.07 per cwt. Last year's support price on a national average was $2.31. As before it will not only make loans, but also purchase agreements agreeable from harvest through end of January 1950. The loan will mature March 31, 1950, and the agreements must be declared during March, with both being in the form of demand loans.

This morning there was some additional news: namely, that CCC would take delivery of #2 yellow milo placed under loan from the 1948 crop on April 1st, which would be about thirty days in advance of maturity. This they claim was to meet certain export requirements. Officials, however, made a point of stating that the action was not to be regarded as a precedent for other grains; furthermore, that the announcement of taking deliveries of certain type of sorghums did not constitute a loan call. Apparently certain details have yet to be worked out, and may be announced shortly. However, the purpose seems to be to get unspecified amounts of grain for export into seaboard position to make storage room available at interior points to take care of the new crop. There was about 27 million bu milo under loan, and an additional 2 million bu under purchase agreements, according to reports that we had at the end of January.

Primary receipts of wheat were quite large and amounted to 1,806,000 bu compared with 1,714,000 bu last week and only 502,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 85,000 bu.

The CCC bought rather substantial quantities of wheat yesterday - 757,000 bu Southwest and 585,000 bu Northwest. Also, at Kansas City, they bought 250,000 bu beans, 80,000 bu milo and 130,000 bu corn. However, at Chicago, they were out of the corn market. Our fluctuations today were within a narrow range although May wheat showed a little greater tightness than did the deferred months, and at times this had a firming influence all around. There seems to be no definite trend at the moment,,but likewise, little incentive for taking a position on the constructive side of the market, even though wheat and corn futures are selling considerably under the loan.

The five-day forecast for the Southwest is for somewhat below-normal temperatures the early part of the period but rising to 10 to 15 degrees above-normal later on. Thus, there is no crop news of any importance and the volume of trade is small.

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CHICAGO, 4 March 16, 1949

There was nothing special in the overnight news, but indications point to some moisture in the Southwest either in the form of snow or rain with somewhat higher temperatures, and this, of course, would be very desirable. From all we learn, crop prospects are pretty well maintained, although we note that the Chicago, Rock Island & Pacific Railroad report is not quite as optimistic with respect to the outlook as the government report of December last. For example, they forecast 220 million bu for Kansas, which is a reduction of 17 million bu from the Department's report. They cut Oklahoma to 84.5 million bu, or 6 million bu less than was officially given, while Nebraska has been reduced to 65.5 million bu, a cut of more than 15 million bu. All in all, taking the Southwest States as a whole, the crop appears to be 35 million bu smaller, according to this authority, but much will depend on growing weather, and it is still too early to determine much as the crop is a little late. One thing is pretty definitely known, and that is that moisture conditions generally speaking are very favorable, although there are a few territories that will probably require rain after growth starts.

Our markets this morning opened barely steady, and apparently there had been some short-covering yesterday, which may have weakened the technical position, but yet it is noticeable that CCC continues to buy fair quantities of grain each day, which naturally prevents much pressure that would otherwise be felt. On the other side of the picture is the conviction that the last 50 or 60 million bu wheat purchased had very little influence marketwise, and it cannot be long before the export goal will have been reached; then, of course, comes the question whether any purchases will be made ahead of time to take care of July or August engagements for the next crop-season. We still feel that it will take a higher price to bring about heavy redemptions. Thus far, most of the wheat which the government bought was free wheat, and if this is the case the defaults on April 30th may be sizeable and could be as large as the amount of wheat that we are going to carry into the next crop. It now looks as though a pretty large percentage of the reserves would be held in the Northwest. Perhaps it is for that reason that the country purchases there are running fairly heavy from day to day. We learned today that receipts from country stations had picked up considerably. Still Minneapolis spot spring wheat is firm, with buyers apparently having to compete with the government program, and there was some May wheat bought in that market, apparently against flour business, and it looked as though hedges had been lifted. Premiums for North and South Dakota wheat are as much as 16 to 21¢ over the future; thus the actual price is not too far from a basis at which redemptions might occur.

Primary receipts of wheat were 1,194,000 bu compared with a little over 1 million bu last week and only 563,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 348,000 bu.

The government purchases yesterday, including Chicago, Kansas City, and Minneapolis, were about 600,000 bu, the bulk of it having been purchased Southwest, and this is gradually making itself felt with the May-July spread widening, but after mid-session one of the advisory services recommended selling certain grains and to stay short others, which found the market rather poorly supported, and apparently there was some liquidation from various sources which gave us a rather weak market. The cash trading basis inthe Southwest was about unchanged and the milling business is not too good, although there is some improvement over the past week or so. We did not notice many hedges being taken out today against flour business, although there seemed to have been some buying in the Northwest.

Bookings of corn were only moderate and receipts are not burdensome. All this suggests that there may be another decrease in the visible supply on Monday. However, the CCC is still not taking any corn from Chicago while their purchases elsewhere are small, and we believe they are finding a rather poor demand from Europe, as feed grains abroad appear to be reasonably plentiful. Oats gave ground grudgingly, and with only 4 million bu or so in the visible, nobody is pressing the short side of this cereal. Some people believe that seeding operations may be a little later than usual.

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CHICAGO, 4

March 17, 1949

It is difficult to figure out for how long a period we are going to continue to deliver foods to various European countries under the Foreign Assistance Act. However, during the month of January more than 1 1/4 billion pounds was purchased by the U. S. Department of Agriculture, and delivered at shipside for export. This included, in addition to wheat, corn, and flour, any number of other articles including frozen eggs, dried milk, peanuts, fruits, etc., and it is certainly quite a program in addition to the various deliveries that we have to make to the Army, and to other categories, some of which was actually paid for in part or in whole. We are convinced, however, that the vast program of shipping 500 million bu of wheat and flour cannot be continued indefinitely. In fact, the trade is already looking forward to next year when the amounts may be considerably reduced. It is probably for this reason that we are so anxious to negotiate the International Wheat Agreement, which provides for the shipment of about 185 to 200 million bu of wheat and flour for export, although the importing countries are trying to whittle this quantity down to a much smaller proportion. While most of the conferences are taking place behind closed doors, information has been divulged that probably not over 450 million bu would be furnished by the remaining exporting countries, but excluding Russia, as the latter still insists on 75 million bu as her share of a 495 million bu overall total program. In other words, this is a lesser quantity than has been shipped by the United States alone for the past two crop seasons. The price has also been reduced from earlier expectations, and the importing nations have now accepted $1.80 per bu as a maximum price for a four-year period, although importers, we are told, have refused to guarantee annual purchases of more than 495 million bu.

Another question still unanswered is what share France and Uruguay would get under the new arrangements, as recently both of these countries have declared themselves to be exporters rather than importers. Undoubtedly they would be given a share of the quantities aforementioned; but the whole scheme is rather nebulous. There are still many escape clauses, particularly if importers can show good reason why they should not take the prescribed amounts if it might hurt their international exchange relationships, all of which necessarily makes for a rather indefinite pact.

Not much attention is being paid to this news, but rather the market continued its downward course, with additional liquidation having come into the pits when our market opened this morning.

According to Broomhall, the United States has shipped about 353 million bu of wheat since last July, also 49 million bu of corn, 12 1/2 million bu of oats, 13 1/4 million bu barley, and 2 3/4 million bu of rye. The world's wheat exports from August 1st to March 12th were 544 million bu, of which the United States accounted for nearly 305 million bu, or well over half. Only 126 million bu was furnished by Canada, 68 3/4 million bu by Australia, 35 1/2 million bu by Argentina, and 9 1/4 million bu coming from the Black Sea ports. Currently the United States wheat exports are running in the neighborhood of 9 million bu per week. Should it happen that Canada would have a big crop next summer, she would undoubtedly want to furnish larger quantities. After all a nation of only 12 million inhabitants can only consume modest quantities for home usage. We figure that with less wheat being fed to animals, probably not over 140 million bu, including seed, wastage, etc. is needed. Thus in spite of the tremendous increase in the world's population, we are gradually facing a surplus problem again--one that may become just as difficult to cope with as the last, particularly so if prices are held artificially high.

Primary receipts of wheat were 1,338,000 bu compared with 1,260,000 bu last week and only 395,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 284,000 bu.

Trade was not nearly as big as yesterday, and after some early liquidation, the market firmed up at times although corn displayed a weak undertone and there seemed to be rather feeble rallying power. There was considerable selling of March beans and the price was lower although there is still a pretty large open interest considering the number of beans stored here in Chicago. Oat prices declined fractionally. CCC wheat purchases were 1/2 million bu.

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CHICAGO, 4 March 18, 1949.

After the close of the market yesterday, CCC raised its buying price in the Southwest, and apparently this was done to stimulate more selling on part of the country, but in any case it was construed a little bullish, particularly with respect to the old-crop futures. There had been considerable short-covering in July wheat yesterday, which placed that future in a distorted position as compared with other months, but this was quickly corrected at the opening this morning. We can see the possibility of an artificial market unless redemptions are much heavier than they have been heretofore, and, of course, much will depend on these redemptions between now and end of April when the loans become due. To some extent, of course, the new-crop futures will respond to any sharp advance in May wheat, particularly as they are selling at such a big discount, and secondly, these new-crop futures are also far below the probable loan even assuming that there will be some adjustment in parity between now and June 30th. With all these artificial matters to contend with, it is not merely a supply and demand situation, although we believe finally this will be the ruling factor, and even great governments like ours have found in the past that the artificial accumulation of supplies has finally led to trouble. Apparently there is no scare yet along those lines, and in connection with the probable restoration of power to Commodity Credit Corporation to own and operate elevators, there have been expressions of hope that we shall finally build up a stockpile of a billion bushels wheat and corn as an insurance against a national calamity should there either be war or poorer crops at some future date. Regardless of the motive, it has always been a fact that these overhanging supplies have been like the sword of Damocles, and, of course, the trade is always conscious of the possibility that some day the load will become too heavy, and that the inevitable liquidation will be only a matter of time.

Yesterday afternoon an announcement was made with respect to support prices for oats and barley, both of which will be based on parity prices computed as of April 15th. The support for oats will be at 70%, the same as last year, while the barley loan has been changed to 72% of parity, a slight reduction from 1948. Thus these percentages, together with a 70% loan for milo, might be considered a criterion of the thinking of the Department of Agriculture on the general loan level. Consequently, it would hardly seem likely that they would try to insist on the maintenance of a 90% loan for basic commodities, particularly with the surplus supplies that are gradually being built up. So there is no assurance that the present Aiken Law will be changed, particularly with the experience that we are gaining in the large quantities that have been impounded whenever the attraction above the loan was so great that farmers had no alternative except to place wheat and corn under loan. Furthermore, we have seen during the past season that it has been impossible to prevent declines in these cereals, despite the ambitious loan levels that have been effective for the 1948 crop.

Export bids were more aggressive today than for some time, with the government re-entering the market for corn at the Atlantic, and also advancing their wheat bid at the Gulf. The wheat bid was up another cent during the session, to 39¢ over, and this probably prompted the strength in Kansas City cash wheat premiums, which were several cents higher than yesterday. It seems that each time the government purchases are reduced to small daily quantities they become more aggressive, even though they must have an amount practically sufficient to carry them into the end of April when defaulted wheat would start to flow to them. They bought corn today from Chicago shippers, and because of recent declines in our cash basis, the premium paid was several cents less than the previous purchases. It now seems to be down to a level not much different from that which Chicago elevators could get if they delivered corn on May futures contracts and secured the outloading charges, and possibly a small amount of storage.

The flour business continues dull, and those in that trade are of the opinion that the export sales depend on Congressional action on the ECA appropriations. When this is completed it should greatly increase sales abroad.

Stocks of grain in Kansas City and Minneapolis so far this week show an increase of 209,000 bu, which suggests a very much smaller decrease in the visible supply than the corresponding week a year ago, when it was 5,369,000 bu. Primary receipts of wheat were 1,436,000 bu --somewhat better than the 1 1/4 million bu a week ago, and compare with 535,000 bu last year.

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CHICAGO, 4 March 21, 1949

Recently progress has been made at the International Wheat Conference in Washington, with concessions continually being made by exporting countries. Argentina had withdrawn because they claimed the price at which other exporters were willing to sell would be ruinous to them, inasmuch as they had made higher guarantees to their farmers. Since last year, France has switched from an importer to an exporter, and Uruguay also wishes to export. Russia, not being able to convince the Conference that they were entitled to 75 million bu, seems likely to be only an observer from now on. The exporting countries are said to be basing their talks now on 450 million bu against last year's Pact of 500 million. The duration has been cut from 5 to 4 years. Nevertheless, delegates apparently want some kind of agreement even though far short of original goals. The United States' share is probably now about 167 million bu, despite the fact that this season we are exporting 500 million bu and estimates right along have been that we would export at least twice as much next year as this international wheat quota now prescribes. The price of $1.80 is for Canadian wheat, Fort William, and it is considerably less than that for American wheat in the interior. At the same time, this group has conceded these sacrifices of price and quantity. Another group in Washington is working on the Farm Support Program endeavoring tohold it at 90% of parity level, which, at the present time, would figure about $2.25 per bu, Chicago. What the outcome of these two issues will be time alone can tell. Of course, on the one hand, we recognize world competition brings lower prices, and also, greatly reduced outlet for our wheat, and, on the other hand, we are working for prices considerably higher and at levels that would necessitate large subsidies of exports, which Argentina, for example, says they cannot afford to do. Therefore, any International Agreement while there are high prices in this country seems bound to upset some of the economies. Argentina is an importer of American goods, which, if tied to our level of agricultural prices, hamper our export trade; so all these agreements have a wheel within a wheel, making more uncertain the outlook for existing conditions after the Marshall Plan might be withdrawn and other countries are expected to stand on their own economic conditions.

Exports of all U.S. grains for the first eight months of the season were 457 million bu. During the corresponding period a year ago they were 421 million. Wheat and products have been 351 million bu compared with 338 million last season. Other grains have amounted to 106 million bu vs. 82 million a year ago. As we have exported about 40 million bu per month for the last two months, this average quantity if continued would see completion of the 500 million bu goal. Exports of around 20 million bu other grains would also bring them up close to the 200 million bu total necessary to complete the whole 700 million bu program. Destinations of grains shipped have been 38.3% to the U.S. occupied zones of Germany, Japan, and Korea, 37.4% to ECA countries, and the balance 24.3% to India, North and South African countries, the Philippines, and Latin American destinations.

There were excellent rains in the Southwest, ranging from 1/4 to well over an inch in a number of sections, although it does not appear that the drier area of western Kansas was included. Rains continued during the day and temperatures are higher. This will afford excellent growing conditions for the new crop, which is already in a very satisfactory condition.

The visible supply in wheat was 2 1/2 million bu increase showing up at ports, apparently the result of moving grain into export position. Some interior markets, such as Duluth and Kansas City, also increased. This, too, is the result of government purchases. We now have 95 3/4 million bu, which is 34 million bu over a year ago.

CCC purchases reported were about 1/2 million bu wheat but very likely Saturday had been heavier because the government reduced their basis in the Southwest 2¢ per bu from Saturday's level. Not much corn had been bought by the CCC late last week, as only 295,000 bu was reported as of Friday. Today they were in the market again and it is estimated they bought about a similar quantity. They were willing to pay the same basis but sellers are not too anxious to sell 14% moisture out of Chicago, because it does not pay them relatively much more than the #2 yellow which they could deliver on May contracts at 15 1/2% moisture.

Today's government report will give the intentions to plant spring crops, which will be the first report on possible production of these crops.

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CHICAGO, 4 March 22, 1949

The government estimate of yesterday, so far as wheat intentions to plant, seems to fall in line with previous ideas and would not change the statistical analysis previously made by the Department of Agriculture that following a carryover of about 300 million bu this year, there is likely to be a surplus of 865 million bu for export and carryover during the 1949-50 season. We can conceive a carryover, therefore, of up to 500 million bu on July 1, 1950. That would still allow 365 million bu for export next season or quite a reduction from this year's 500 million bu and in general line with many ideas. As we view it there should be no surprise in the farmers' intentions to plant 84,809,000 acres to corn because of the very large carryover which they will have on hand, thereby creating difficulties in handling a large crop. Such an acreage would be expected to produce a crop of under 3 billion bu on an average yield of 34.6 bu per acre. Last year's yield of 42.4 bu was because of ideal conditions with exceptionally favorable moisture during the month of July on the same size acreage as the previous year when we raised 2,383 million bu. A crop of about 3 billion bu would be equal to the feeding and other uses; so the intended acreage illustrates that the farmer is a rational businessman and does not plan a tremendous crop which he could not store. If he could not secure the loan because of inability to properly crib the corn, he might have to sell it at a price equal to the December futures, and then take off his moisture discount, which would possibly not be a paying venture, as in recent years government figures have estimated that it costs around $1 a bu to raise corn.

The oats acreage is very much in line with expectations, and average yield would produce about 1.4 billion bu, which seems large in view of our probable big carryover. The soybean acreage would produce a crop probably 40 million less than last year with yields at the ten-year average. It remains then as to what kind of growing season we will have as to whether we will add further to our large stocks of grain or if we might come to a levelling-off period.

CCC wheat business reported was 1 million bu for the period ending noon Monday. This included Saturday's purchases when the Gulf basis was up to 40 over Kansas City May in-store. The basis during our session today was down to 37 1/2 over, the same as late yesterday. They have continually decreased the buying basis in Duluth, being off as much as 6 1/2¢ a bu in several days. During the session today, we understand that they were not bidding in that market and apparently were not buying much in that market today. Some flour circles believe that domestic business will have to be better because a big part of the trade have almost exhausted their stocks, and, therefore, replacement buying promises to make a more consistent run of bookings. The export outlet is also improved with more requisitions being received by PMA and it is thought that they are likely to be in the market within the next several days. Independent buying by such countries as The Netherlands and Italy is likely to appear soon.

The Crop Reporting Service of Iowa recently estimated hog farrowings for the first half of the spring season December, January and February at 160,000 head which would be more than double last year's 77,000 for the same period. This is usually a small share of the season but it is probably an indication of the trend. It is estimated that meat consumption per capita for the year will be 146 pounds, equal to last year. There is likely to be more pork and less beef, veal and lamb. On the other hand, we see in Canada that they are reducing their hogs with the number on farms down about 12% from a year ago. They are also shipping fewer cattle into the United States. This indicates a more normal world trend, with export outlet for Canadian livestock products lessened.

Secretary Brannan today informed the Pace Sub-Committee that he expects the government is likely to take title to upwards of 400 million bu of corn, or, in other words, all the corn that might go into the loan this season.

Primary receipts in wheat continue rather good, which seems to be a continuation of concentration of grain formerly sold to the government. 2,036,000 bu of receipts today compare with 1,714,000 bu last week and 788,000 bu a year ago.

Markets did not change a great deal during the session, although wheat seemed to be under the influence of less aggressiveness on the part of the CCC and corn showed some strength, no doubt a reflection of farmers' intended acreage.

Wednesday is the last day for trading in March soybeans.

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CHICAGO, 4 March 23, 1949

Canada will cut many taxes, very much in line with what people in this country would like to see. Income taxes will be down nearly one-third; many nuisance taxes were reduced or removed, double taxation feature on common stock dividends was partly removed, and corporation taxes will be changed to a two-bracket impost to benefit small companies. Also, the announcement has been made that price ceilings are removed from flour, bread, butter, sugar, vegetables, and other items which are selling below the ceilings. The subsidy on wheat going into domestic consumption is removed at once. This has amounted to 46 1/2¢ a bu. Personal income tax exemptions are raised and rates are lowered.

Such news is good and is certainly a step towards normal conditions. The United States, however, has assumed a lot of burdens to help other countries, the largest of which is the ECA, and included in that for eleven months was the authorization for $331 million of Canadian grains destined for the various European countries. As long as this task befalls the American taxpayer, we cannot be hopeful of relief from taxation. During the calendar year of 1948, our exports were reduced $2.9 billion from 1947, and totaled $16.8 billion. This was paid for in part by imports of $10 1/2 billion, which was $2 billion more than the previous year, indicating an improved trend for foreign countries. The balance between exports and imports amounting to $6.3 billion was made up of various items, of which $4.7 billion was U.S government aid. That, however, was down $1 billion from the previous year. Foreign countries liquidated close to $1 billion in gold and other assets and remitted $1 1/2 billion in private funds. The International Bank helped in a very small way, and there was still $1 billion unaccounted for. It does show, however, that the burden on the American taxpayer is still large, but during last year there was a step down from the earlier post-war year. It is to be hoped that as the Marshall Plan continues, further relief will be afforded, so that finally other countries can pay fully for their imports, while at the same time we can maintain a good volume of exports.

There is always competition between nations, and we note now that the Australian wheat growers are protesting to the United Kingdom against the reduced price in the International Wheat Agreement. They considered $2 a bu a fair price, and felt that the Indian and other Australian nearby markets should be preserved for the Commonwealth, and, therefore, protested the forcing of the price down to $1.80 maximum in the Agreement. England itself tries to export goods to the limit and is seeking a broader outlet in dollar countries, while at the same time things they have to buy they endeavor to get at a cheap price; so it will take a lot of international maneuvering to bring about more normal conditions.

Corn receipts were only 74 cars in Chicago, which brought a further tightening in the cash basis and apparently affected the futures. Secretary Brannan said yesterday that the Department has no plan to extend the time limit for making price support loans on high moisture content corn, but admits the Department may have to take some action. The loan terms are that the maximum should be 20.5% up to March 31st and 17.5% from April 1st to 30th. Large sealing continues or producers are taking out purchase agreements, so that by June 30th big amounts are expected to have support protection. The government is not getting much corn on their day-to-day export purchase bids, but apparently they are not very anxious at the present time.

Some flour export business has been done recently to The Netherlands and overnight Italy bought 3 cargoes, and the PMA is expected to come into the market early next week. Domestic business, however, continues very slow and what is being sold is for nearby shipment.

Some more moisture is expected in the grain belt covering the Northwest, Southwest, and corn belt areas. Crop conditions are reported goodalthough small sections in the western part of the winter wheat area are still lacking in adequate moisture. In other sections, because of too much moisture, oat seeding is delayed and there might be some shifting to other crops in the Southwest. We hear that oat seeding is progressing in Illinois but in Missouri cold, wet weather threatens to cause rotting of seed.

Primary receipts of wheat were 3/4 million bu,down from almost 1 1/4 million a week ago, but compared with 394,000 bu last year Stocks in Kansas City and Minneapolis so far this week show 118,000 bu decrease.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 24, 1949.

While Congressional Committees are delving into agricultural support measures to be effective for crops harvested after January 1, 1950, when 90% loans are no longer in force on wheat and corn crops, the market is in a rather uncertain state. Present prices for 1949 crop futures are considerably lower than the 90% loans that will be in force for them, which apparently is recognition of a burdensome supply of grain coming to market. Some selling has been because of the fact that the present quoted deferred futures will have a certain relation to crops that will be harvested in 1950, and support levels might be at lower levels than even the present quoted price for tail-end of 1949. The Aiken Law as it now stands changes the method of figuring parity but limits a decline to only 5% below parity of the previous year while imposing no restrictions on any increase. If we take the last parity on wheat, or $2.17, the 5% adjustment of 11¢ per bu would reduce it to $2.06. There is, of course, the possibility that parity itself will be lowered because of reduction in prices for things the farmer has to buy, but we will confine our remarks to the present parity. If, which is now suggested by Washington officials, future crops might come under acreage allotment and marketing quotas, the loan rate is automatically increased 20% above that which would be applicable for supplies on hand. In such a case with maximum supplies, if wheat fell within the 60% loan brackets, the loan would be 72%. Such a loan then would figure $1.48 on the farm, or about $1.77 Chicago if we use last year's 29¢ differential. The law, however, does not make it mandatory that these rates apply as they are minimum supports, and the Secretary of Agriculture has authority to support wheat prices as high as 90% of parity.

Present prices of the quoted deferred wheat futures are a reflection of the large supplies, also the potentially smaller export outlet. There are other things to be considered too, if we are to keep up with the times, and one of these is, if the International Wheat Agreement is any close approximation of import requirements of the countries in the Agreement, some exporters might attempt to reduce their crops in accordance with their probable export outlets. For instance, Canada is now expected to have a 205 million bu share and Australia 78 million, which are both considerably less than their current exports. It would mean that controlled agricultural conditions would be moving toward reduced crops in three of the largest wheat-exporting countries. If past records of such agreements are any criterion as to the workability of the new Wheat Agreement it would seem that it is doomed to failure, especially with Argentina and Russia not participating. But in the early part of its duration attempts will be made to live up to the provisions of the agreement.

The Committee is also exploring the possibility of controlling other acreages or crops that might be produced on the land kept out of use when acreage allotments might be adopted. In some of the early years of the AAA large stocks were accumulated but droughts and the war brought about a correction in supplies; so barring such calamities controls on agriculture at relatively high prices are very difficult to maintain.

In the past several days since the CCC has reduced the price of their cash bids they have bought less wheat. When their bids are low it tends to create a bearish feeling in futures; thus it reduces the amount of wheat offered to them. Yesterday's purchases were only 205,000 bu in the four buying offices. July wheat has been somewhat firmer, and today's news probably accounted for some of the influence, as high winds were received in the Southwest, and as usual at this time of year were accompanied by dust storms. Colder weather is coming in, and with it some snows are reported; so it is likely that there will be more precipitation in the wheat belt.

Corn receipts continue small and have advanced the cash basis, which tends to influence the futures, but commercial buying power is not strong and speculation does not follow through.

We have been getting larger oat receipts but it has affected the cash market more than the futures. However, Canadian oats are not in line for new shipments to this market, and if commercial demand should pick up, country selling would have to be relied upon because terminal stocks are very small.

Primary receipts of wheat today were 1,331,000 bu, almost identical with a week ago, but twice as large as last year. Stocks in Kansas City were unchanged for the week so far, and Minneapolis decreased only 130,000 bu.

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CHICAGO, 4 March 25, 1949

The ever-changing world in grain these days is largely affected by politics trying to overcome the natural laws of supply and demand. We refer specifically to Argentina, where it appeared as though the government embarked upon a program a few years back attempting to increase the industrial output of the country and to foot the bill by a direct governmental income derived from agricultural exports. Prices paid to farmers, over which the government apparently had complete control, were probably the lowest in any of the exporting countries, while at the same time prices for which they sold grain abroad were by far the highest. Agricultural production as a result has since deteriorated because importing countries no longer found it necessary to pay these exorbitant prices, and Argentina could not maintain a high rate of exports. What transpired within the country we do not know. It is a matter of record that many protests were made by producers that they could not grow crops at the low government price levels and, subsequently, these have had to be advanced. As an example, wheat prices to the farmers in 1947 were $1.37 1/2, in 1948, $1.61 3/4, and in 1949, $1.86. Corn, which two years ago was 90 1/2¢, was raised to $1.05 5/8, and this season $1.17. Other grains have been raised in somewhat like proportion until at the present time the Argentine delegate to the International Wheat Conference has stated that his country could not participate in the sale at levels agreed upon, because it was lower than they had guaranteed their farmers. We see a complete reversal in that this country, while formerly having paid minimum prices to producers and having received the highest prices on their sales, are now at a point where they have guaranteed growers higher prices than those paid in other countries, and, therefore, they are unable to compete at world-agreed levels. Subsidies for United States exported wheat probably can be afforded by this country, but Argentina, Canada, and Australia, which export a large percentage of their production, cannot afford to pay their farmers more than that which they receive from the sale, For some time Argentina has not been competing in world markets, and right now their exports are at a virtual standstill. Such a condition is untenable because, of necessity, they must import many industrial essentials, including fuel, and have to export grains in volume to secure the necessary foreign exchange.

We point out the value of free markets in two Canadian grains which have come into the United States in rather good volume this year. First, is the quantity of oats estimated at close to 17 million bu, which has been brought into this country with most of the grain purchased before it was sold to ultimate buyers, and the futures markets used as a medium of price insurance on the hedges while it was being transported and merchandised; also, that to-date 3 million bu rye has been imported with further quantities likely to come here when navigation opens. Much of this rye was worked when futures markets afforded a spread wide enough to cover costs, including duty, and after the grain had been brought to this country buyers were secured, thus expanding the supplies of rye over our very small production. The grain trade has always realized the value of free markets and the use of futures trading in expressing values; therefore, has little belief in uneconomic practices, which they view more as expedients rather than solutions.

CCC again raised their price fractionally after the one cent advance after yesterday's futures market closed, so that they were bidding 39¢ over Kansas CityMay in store Galveston for No. 1 hard for March shipment. They are not buying past April 15th except on the Pacific Coast, where harvest comes later than the Southwest areas. The report of yesterday's purchases was a blank in Kansas City but those figures were up to noon, whereas they had increased their bid later. Kansas City cash wheat was stronger again today and still rules higher than the government's gulf bid. So it is mill buying that actually takes the wheat receipts. Nevertheless, flour business continues slow and there is even disappointment that buyers are not more aggressive in view of the exhaustion of contracts. PMA seems likely to come into the market early next week. Otherwise there is very little export volume

Primary receipts today were 1,360,000 bu, slightlyless than a week ago with no comparison with last year because of a holiday. Kansas City and Minneapolis stocks for most of the week have decreased 147,000 bu, which is an indication that we will not have a change in the visible similar to last year when it increased 5,102,000 bu.

Improvement was noted in CCC attitude on corn, and they probably would have paid 1¢ higher than recent days in the Chicago market. This basis, however, still does not seem attractive to sellers. UHLMANN GRAIN CO.

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March 28, 1949

European winter crops do not show the same good promises which they did a year ago. Some countries have a smaller acreage, with the following being in this group: United Kingdom, Eire, Portugal, Sweden, Yugoslavia, and Greece. Also it is believed that Belgium and Rumanian acreages when reported will not reach the 1947 level. Increases, however, were reported in a few of the Low Countries, Denmark, Poland, and Hungary. The two important countries - France and Italy - have about the same acreage in 1949 as in 1948. The winter weather has generally been mild, with below average rainfall in most areas. According to a bulletin published by the U. S. Department of Agriculture, in western Europe and part of central, the condition is reported to be satisfactory, despite moisture deficiencies. The effects of dry weather are apparently most unfavorable in Spain and Portugal and in the Southeast. It is believed that rather general rainfall in early March has provided, at least, temporary relief in most areas. Broomhall reports almost daily the generally satisfactory condition, but that rain is needed in certain areas. Belgium had 1.48 inches during February compared with 2.10 a year ago, and a normal of 2.13 inches. The condition of wheat in that country on February 28th was 74.9 against 79.4 a year ago; rye 73.2 versus 75.5 last year. A percentage of 70 in the Belgium method of computing condition is considered good.

Provided the International Wheat Agreement is ratified, the United States would have a guaranteed outlet to countries in the pact of 168 million bu, but in addition, Broomhall figures we could ship about 150 million bu extra to Japan, Korea, and the occupied countries in Europe. This wheat would be purchased by the United States Army, so that the United States outlet would be about 325 million bu. It is believed this quantity could be maintained for four years at a level of price equal to the world wheat agreement, which is about 60¢ per bu under our current price level at the maximum, or $1.00 under at the minimum price level. Such a total would be small for the coming season, when our crop promises to be very large on top of a sizeable carryover. However, this quantity would be very good if we produce normal crops. In other words, with a normal use of 700 million bu, it would provide for the use of over 1 billion bu. That, of course, is much more than we normally raise.

We note other news which indicates a gradual return to more normal world conditions. World hog production is gradually expanding with the number of hogs at the beginning of 1949 estimated at 261 million head, which is an increase of 15 million, or 6% above a year ago, and compares with 290 million head the prewar average. Dairy products are being produced in larger quantities. For example, France increased butter production 70%, and the Netherlands 58%. France also increased her cheese production 106% and Denmark 53%. Production of evaporated condensed and dried milk also showed an increase for a number of European countries

The daily grain news was more or less routine. CCC continued to bid the same basis of 39¢ over in-store Gulf, and were willing to take grain at interior markets, but it was believed that this bid would not attract much wheat, because Kansas City basis was relatively higher, and showed an advancing tendency. The report today of previous days' purchases was only 218,000 bu, which included no wheat in the Southwest. The government corn indication was also unchanged, which would net 7 3/8¢ over Chicago May FOB cars Chicago. This is not attractive to Chicago shippers, as they sold only 25,000 bu last Friday. The Southwest purchases that same day, however, were 720,000 bu.

Navigation is practically open on the Great Lakes, and steamers have arrived in Duluth from the East, and boats are now loading grain at that port for shipment to the East. They have a rather good stock of wheat and corn, so a lively movement is likely during the next few weeks.

Primary receipts of wheat today were about 1 1/4 million bu -considerably under the 1,881,000 bu last week, and compare with 1 million bu last year. The visible supply of wheat showed an increase of about 1 1/2 million bu, with no great changes in any city, excepting Duluth, which increased 1 1/2 million bu. The total now is 97,377,000 bu, which is 40 1/2 million bu over last year's total. The corn visible supply decreased 2 1/2 million bu, leaving a total of 25 3/4 million bu, which is not large considering we are doing a continued export business. However, it compares with 11 million bu a year ago. Chicago stocks of corn showed a decrease of 647,000 bu, so that we have about 5 1/2 million bu left. We have only 1 1/2 million bu of wheat here after a decrease of 15,000 bu for the week. Oat stocks increased 59,000 bu to 394,000 bu.

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CHICAGO, 4 March 29, 1949

It was not so long ago that fears of further inflation led to requests for price controls, etc. Recently the tempo of business has slackened, price recessions have taken place in some commodities and in manufactured goods. Apparently, the general credit situation has clarified and the fear of inflation has at least temporarily ceased to dominate our economy. The Federal Reserve Board, after relaxing controls over installment-buying credit earlier this month, has now reduced margin requirements for the purchase of stocks from 75 to 50%, effective as of tomorrow. Credits outstanding on stock transactions are at a near all-time low and the stock market has been in the doldrums for many weeks. The easing of stock margins has been construed as a step in the right direction, and at the time of writing there is a better sentiment in the stock market. Volume today so far has shown a decided pick-up, and stock prices are ruling high.

In the grain markets we have a paradox. The supply of grains is plentiful but the amount tied up under loans and purchase agreements is causing a shortage of the cash article. However, some adjustments have taken place during the last year and further adjustments would be expressed if artificialities were not being maintained. #2 yellow corn sold in Chicago today at $1.37; a year ago the same corn commanded a price of $2.37. We have been so accustomed to using the term in recent years of economic planning that we have lost sight of the fact that economic planning is conducted in a free and open market as well as when under the control of a Central Planning Committee or Body. In a free economy, economic planning is done by millions of individuals who are directly concerned, each making his own independent decision as to price, and it is the composite picture that finally permeates markets rather than opinions of relatively few.

Usually at this time of year the grain trade can formulate their ideas of price, depending, of course, on growing weather until the crop is finally harvested. Looking at the present situation, our carryover should be somewhere in the neighborhood of 300 million bu. The last government report gave prospects of the winter wheat crop of 946 million bu, and it is estimated from the intentions of spring wheat planting that crop would total approximately 291 million bu, which would give us total supplies at the beginning of the next crop-season of approximately 1,536 million. Home consumption should account for around 700 million. Under the International Wheat Pact, if that finally is sanctioned, United States allocations would be 168 million bu, and it is estimated that 150 million more will be used by the Army in occupied zones, etc. This would bring exports to 325 million, or a total disappearance in the new crop of around a billion bu, leaving a carryover at the end of the 1949 crop-year of 500 million bu. This in itself would normally be enough to cause further reductions in the price of wheat, and in turn a reduction in the bread-basket of the individual, releasing some money from food expenditures to other items, but under the present 90% loan and purchase agreement, the carryover does not find its way into commercial channels.

Primary receipts of wheat today total 1,898,000 bu compared with 2,036,000 a week ago &714,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 62,000 bu.

The weather map suggests some further moisture in the Southwest in the next 24 hours; in fact, Colby, Kansas, reported a heavy wet snow for at least 3 hours. Milling demand remains draggy, and it is reported that current sales of flour are less than 25% of capacity -- mostly small-lot business. There is some talk that the PMA might be in the market for flour in the next day or two, but other sources state that they do not believe they will evidence any interest for the balance of this week. Country marketings in the Southwest are slow, cash premiums are ruling high. The CCC bought 105,000 bu of wheat in the Southwest office yesterday, and raised their bid today 1/2¢ per bu. We understand from the Northwest that country marketings are very light.

One eastern press dispatch today stated that Washington, fearing a wheat glut in 1950, might poll the farmers on cutting back production in that year. Two-thirds approval is needed for government production controls. However, the farmers would not be legally bound to cut back, but if they did not they would not be subject to the government price support program. In some quarters it is believed that the poll might suggest a 25% decrease in acreage.

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CHICAGO, 4 March 30, 1949

A Washington dispatch this morning mentions that the government is making every preparation possible to move loan wheat into export channels as soon as they come into possession of defaulted loans on April 30th. The final report on 1948 wheat loans and purchase agreements showed approximately 250 million bu in the loan and 113 million under purchase agreement. How much wheat will come into possession of the CCC immediately following April 30th is judged to be somewhere between 200 to 250 million bu. The news dispatch also intimates that some top officials of the CCC state that the acquisition of the loan wheat does not mean that the government agency will step out of the market as a major buyer of wheat. Their policy is the dominant factor in the market. While their bid in the Southwest remains a little under the cash market, nevertheless, it is a great sustaining factor, and without this bid the probabilities are that some easing might be felt in the cash market. The last government figure showed 60 million bu wheat on the farm, on which, of course, terminal storage has not accrued, and on the 113 million under purchase agreement we do not know the exact position. How much wheat the government agency will want to acquire in May is a question. Under normal conditions one would not visualize anything but bare requirements being needed when movement of the new crop wheat is around the corner and new crop cash wheat could probably be acquired 40 to 50¢ under present ruling prices.

Meanwhile, as a whole conditions through the winter wheat territory remain favorable. There was additional moisture overnight, rather heavy in the western section, lighter in the eastern portion. We have a report in front of us made by a private source, stating that a comprehensive survey had been made of thirty-six central, south and western counties in Kansas. The summary is that barring extremely unfavorable conditions during the next ninety days, that district, which last year produced 125 million bu wheat, will have a probable harvest that could crowd the all-time record in 1947, and that conditions were the second best in the history of the territory. The Kansas weekly crop report states that rainfall during the past week over the State further improved prospects for the 1949 wheat crop, but particularly beneficial in the extreme west central and southwestern counties where dry soil conditions had prevailed. Wheat in the southern counties has greened-up but is not as far advanced as usual at this time of year. There has been some damage from blowing in several counties. General fall work has been held up due to continued wet weather. The Nebraska weekly report speaks of moderate to locally heavy rains except in the extremely northwestern portions. With a few exceptions, reports indicate that wheat has survived the winter with very little loss, but there is a delay in spring work. The Oklahoma weekly crop bulletin mentions that ample surface and subsoil moisture is available in all areas of the State and that crops show a good growth during the week ending March 29th. Some sections of that state which should not have been planted to wheat are showing poor stands, but crop conditions as a whole are very good in other areas.

Primary receipts of wheat today total 402,000 bu as compared with 743,000 bu last week, and 401,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 77,000 bu.

After the close of the market yesterday, new parity prices were issued as of March 15th. There was no change from the previous month in wheat. Corn was raised 1¢ per bu but this probably comes about in the handling of fractions. Some quarters had expected a decrease in the parity owing to what has been reported as tapering off in business and declines in certain retail prices.

The grain markets at the moment remain mostly a local affair and outside participation seems at rather low ebb. Operations of locals are probably responsible for the ups and downs that occur during the session.

Cash wheat premiums in the Southwest were again stronger. They were about 1 1/2¢ higher in Kansas City and the CCC was bidding 40 1/2 at the Gulf. During the session one market forecast agency came out with a rather bearish message which led to some selling but recoveries took place and strength was expressed, particularly in May wheat, as compared to the new crop months. There is no particular change in the general corn picture. Country marketings still remain of limited character, with the largest amount of receipts being made up of higher moisture corn.

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CHICAGO, 4

March 31, 1949

We have mentioned many times in our letter the difficulty in trying to arrive at opinions when the natural laws of supply and demand are not operative, and one must turn to Washington for matters of policy. Cash wheat in the Southwest is still extremely strong, and Commodity Credit has again seen fit to raise their bid to 41 1/2¢ over Kansas City May, basis the gulf, for papers that may be delivered to them today and 1¢ less for the first half of April. While statements have been made that CCC will remain in the market even after they come into possession of defaulted loans, no purchases have been made to the best of our knowledge beyond April 15th with the possible exception of the Pacific Northwest. There is no doubt a short interest in the cash market on commitments that have been made to CCC for delivery during the first half of next month. It could normally be expected that any bids for the last half of April or for May would taper off so as to finally come closer in line with new crop wheat. Whether the government agency will pursue that policy or whether they feel it mandatory to maintain prices in line with 90% of parity is the paramount issue. The present market price in parts of Kansas and other sections of the Southwest gives the farmer $2.02 to $2.05 against a loan value that probably runs from $1.98 to $2. On wheat that is under purchase agreement, the farmer is allowed 7¢ for farm storage, regardless of the position of the wheat. If it should be sent to terminal elevators the accumulated charges would amount to about 13¢ at this date. Figuring his allowance of 7¢ would make his net storage costs around 6 or 7¢. We feel that this present cash level or possibly a few cents higher should be a fair inducement for the farmer to dispose of free wheat or wheat under purchase agreement.

Meanwhile, flour demand is rather indifferent and no large bookings of flour are being reported. According to government statistics, the January 1949 grinding of wheat amounted to 51,274,000 bu, which compares with 55,141,000 bu the same month of 1948, and 64 1/2 million bu in the January period of 1947. The total grind in 1948 was 633,348,000 bu while the total grind in 1947 was 694,747,000 bu, which demonstrates the declining tendency in flour business.

Late yesterday Washington released figures showing that as of February 28th, there was approximately 179 million corn under the loan and 32 million under purchase agreement, or a total of 211 million bu. We would judge that large impoundings have taken place during March; so unless there is a considerable price upturn in that cereal everything points to the fact that the government will finally come into possession of large quantities of corn. The report also showed approximately 37 1/2 million bu sorghums placed under price support, of which they estimated about 21 million bu is in Texas.

The Santa Fe Railroad has just issued a report on condition of winter whea and while we have not as yet had an opportunity to read same, we understand they estimate that the crop may easily equal that of last year and may crowd the record crop of 1,068 million bu. Crop news from Europe is of a more mixed nature. Broomhall comments that there is still a lack of rain in Europe with the exception of Spain. Dryness is retarding germination of spring plantings, although winter crops are mostly satisfactory, but moisture still required. Amount under cultivation in Yugoslavia is expected to be 30% larger. The reports from Tunis, North Africa are more encouraging, with anticipated wheat yield of 17 million bu vs. 11 million bu last year. Algeria and Morocco also reported good crops but no figures on yields.

Some very interesting figures were released on fertilizer sales in this country for the month of February, showing that sales were larger than in any month since March 1937, and that for the January-February period total sales ran 7% higher than a year ago. This certainly indicated more intensive cultivation on part of our farmers and their desire to improve the fertility of the soil.

Primary receipts of wheat totaled 926,000 bu against 1,331,000 bu a week ago and 645,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 27,000 bu.

Cash wheat was quoted in Kansas City about 1 1/2¢ up from yesterday. There did not seem to be much country selling in Kansas, nor Nebraska, but a little more has been coming out in the Oklahoma-Texas territory.

Corn showed independent strength during part of the session, which is no doubt a reflection of small country shipments, plus amounts which have been impounded and held off the market.

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CHICAGO, 4

April 1, 1949

It is expected that Secretary of Agriculture Brannan will go before the Agricultural Committee of either the Senate or the House on April 7th with the administration's ideas of support programs. In one press dispatch it was suggested that the administration's price-support program will be based on a flexible system enabling the Department to exercise great discretion on methods as well as levels. There are two schools of thought in Congress: one supported by a Southern Bloc in favor of a continuation after 1949 of 90% loans, and the other Bloc in favor of provisions as passed in the Aiken Law last season, which would give authority for sliding support prices, depending on the actual grain situation. According to the Wall Street Journal's Washington letter of yesterday, the program of Secretary Brannan favors drastic cuts in planted acreages of such crops as cotton, corn, wheat, and potatoes, which in the past created the large surpluses. It is thought that cuts in some of the crops may be as drastic as 33 1/3%. Modernized farming methods and better use of fertilizers have during the past number of years produced large yields even though at times acreages have been smaller. It is pointed out that corn producers grow a billion bu more than in the early 30's, on one-fifth less land. The acreage of potatoes has been greatly reduced since the war and yet crops the last few years have been near-record. The one item that no one can foresee or plan on is weather, which in the long run plays the most important part in the size of the crop. We have been extremely fortunate the last few years. Moisture has been received at the proper time but it would be wishful thinking to feel that this could continue every year.

As far as actual grain news in the United States is concerned, there were no developments overnight. There is some indication of further moisture in the western sections of the winter wheat belt, and the five-day forecast is very favorable for Kansas, Oklahoma, Nebraska, and Missouri, with precipitation averaging moderate to heavy over the district the end of this week and again Monday and Tuesday, with the possible exception of the Texas Panhandle, although some moderate rain is indicated for Sunday.

Apparently CCC price for wheat in the Southwest was unchanged from yesterday: namely, 40¢ over Kansas City May basis the gulf for shipment by April 15th. So far there is no announced price in that territory beyond the middle of April. At a meeting which took place last week between representatives of producers and handlers of grain and officials of the CCC, the latter again expressed the desire to store as much grain on farms as possible and to attempt to have both corn and wheat now under loans re-sealed after proper inspection.

According to Broomhall's statistics, since August 1st world shipments of wheat have amounted to about 582 million bu, of which the U.S. has furnished approximately 322 million, and since July 1st, which is the beginning of our crop-year, it is estimated that we have shipped 370 million bu. This is up to the week ending March 26th. Corn exports from this country have been 58 1/2 million bu.

Primary receipts of wheat today totaled 930,000 bu vs. 1,360,000 last week and 653,000 the comparable day last year. So far this week total stocks at Kansas City and Minneapolis show an increase of 79,000 bu. When the visible supply is posted on Monday, it will be compared with a decrease in the same period last year of 761,000 bu.

We wish to make a correction in a statement appearing in our market letter yesterday, in which we referred to the 7¢ allowance for farm storage on wheat sold to the government under the purchase agreement. If the farmer exercises his rights under this agreement and delivers the wheat to CCC, and if same is stored under the uniform storage agreement, the government will assume the accrued charges since May 15, 1948. If the producer has paid the storage charges to date he will be allowed a credit of 7¢; if delivered from the farm the producer gets an allowance of 7¢ for storage.

There was very little net change for the day in any of the pits. At ome time selling orders came into wheat when it had been reported that CCC was not in the market in Kansas City. However, this was later denied, and they apparently were still interested at 40¢ over, as mentioned in the forepoart of this letter. Country shipments are still light both wheat and corn. Soybean oil and meal prices have had a tendency recently to show some firmness.

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CHICAGO, 4

April 4, 1949

The Office of Foreign Agricultural Relations of the U. S. Department of Agriculture has just issued a circular pertaining to the International Wheat Agreement. In pointing out the highlights of the agreement they mention: "Any country is free to buy or sell any additional wheat from or to any country it desires and at any price it desires. Furthermore, under the Agreement, exporters have no obligation to sell wheat unless buyers offer the ceiling price, and importers have no obligation to buy wheat unless exporters offer it at the floor price." We have copied the above verbatim from the report. In other words, it would appear from the surface that if there is an exportable surplus, particularly in the non-compliance countries, such as Russia and Argentina, the floor price may become the maximum, or at least a figure close to this level. It appears to us that as far as exporters are concerned the agreement is a sort of one-way street. The report also points out the difficulty in translating the basic maximum and minimum price set forth in the agreement to an equivalent basic price for wheat in the United States. There is undoubtedly a formula to follow, and, for example, it is pointed out, based on freight and exchange rates prevailing in mid-March 1949, and not providing for quality discounts the maximum price for the first year for the U.S. for #1 hard winter wheat FOB gulf ports would be $1.91, with a minimum of $1.61. At the present time the CCC bid for shipment first half April is equivalent to approximately $2.45 FOB. Therefore, the maximum price would be about 54¢ under the present cash price at Galveston with a minimum about 84¢ under ruling prices. It would, therefore, seem possible that this country would have to subsidize exports and in certain channels it is believed that thinking on a new agricultural program runs along the lines of making compensatory payments to farmers, which is more or less a revival of the old subsidy. Instead of large purchases on part of the government and withholding supplies through government loan, the idea would be to permit the market to come nearer to a level of supply and demand and to supplement farmers' incomes.

A Washington dispatch this morning quoted President Ralph Trigg of CCC as stating to the House Appropriations Sub-Committee that the large quantities which his organization expected to acquire through defaults and purchase agreements would be put into the pipeline and sent out on the export program as quickly as possible. However, we are inclined to believe that this interview was given some time ago, as the figure of 343 million bu, the probable quantity taken over through loan and purchase agreement, had been mentioned in earlier estimates. Mr. Trigg's statement apparently made at an earlier date indicated that if the government should use this quantity for export immediately after it takes possession, it would reduce its open market purchases for an extensive period. More recently statements have been made credited to top officials that purchases would continue. So this part of their program will undoubtedly still remain a matter of conjecture until after the expected statement from Secretary Brannan on April 7th.

There was no grain news over the week-end. Some additional moisture occurred in the Texas Panhandle but otherwise, on the whole, it was clear with temperatures rather cool but a rising thermometer is indicated. All in all, our crop news in this country remains very favorable. In certain areas there may be possibly some delay in oat planting, including Illinois, in which section a few days of good weather could pretty well complete the farmer's program. Crop news from Europe is not quite as optimistic. Broomhall again commented as of April 1st that weather is generally clear over Europe with rain needed over considerable areas, and that it is not contemplated that in 1949 wheat production will total that of last year: namely, 1,465 million bu. More favorable conditions seem to exist in France, and that country may become an exporter on balance.

Primary receipts of wheat today totaled 836,000 bu versus 1,297,000 bu last week, and 1,109,000 bu last year. The visible supply of wheat showed a net increase of 238,000 bu, and now totals 97,615,000 bu, or 41,636,000 bu more than at the same time last year. Chicago stocks of wheat decreased 116,000 bu, the total now being 1,456,000 bu. Corn stocks decreased 903,000 bu, leaving stocks in Chicago of 4,575,000 bu.

The markets were again featureless. The Kansas City office of the CCC was still interested at 40 over Kansas City May, basis the Gulf, although cash wheat premiums ruled a little easier in Kansas City. Country shipments of both wheat and corn still remain very light but milling demand also remains light.

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CHICAGO, 4

April 5, 1949

Apparently the Commerce Department in studying the national income is about to revise its previous figures, and the amended report may show the annual income for this country running $2 billion below earlier estimates. It is further suggested that a large part of the revision will be in farm income. The Department of Agriculture had predicted in February that farm income for the first quarter of the year would run around $6,600 million, an increase of $300 million over the comparable period last year. However, it now appears that farmers' income for that period will show a decrease rather than an increase from a year ago; furthermore, that the farmers' income instead of running at the estimated rate of $25,100,000 will probably have to be revised downwards by $2 billion. One avenue of revenue that has been materially altered is the amount received for hogs. The Department recently issued their support price for the April-September parity based on 90% of the March 15th parity at $17.90 per cwt. although current prices are above parity and averaged $20 per cwt. as of March 15th.

We touched in our letter of yesterday on the subject of a change in thinking which might tend to give direct farm subsidies on certain products instead of supporting the market through loans. This thought was elaborated in a press dispatch from Washington suggesting that the entire plan will be laid before Congress by Secretary Brannan on Thursday. The meeting will apparently be a joint one of the Senate and House Agricultural Committees. The dispatch refers to the fact that one of the most expensive price support operations in recent years has been the potato program, and that expenditures could be curtailed tremendously by direct subsidies. Some doubt is expressed as to whether the subsidy idea will be suggested as far as grains are concerned; but there is one thing that is apparent in the attempt to benefit the lot of the producer, and that is, up to date none of the plans have worked successfully. If we go back to a form of subsidy, we are merely returning to experiments that were tried in the 30's. We have pointed out for many years that no one in the grain trade wants to see a debacle in farm prices; however, loan rates should not be made extravagantly high so as to induce farmers to raise for the loan rather than consumption. Loans should be used as a floor to prevent unduly depressed prices, and from there on the natural laws of supply and demand should be operative. One difficulty with high loan prices is that they encourage the marginal producer to continue rather than to discourage those who have uneconomic operations. Should this country return the exporting of grains to private hands, and if past performance is any precedent, there would be advance export sales consummated, which would tend to act as a support in the market. This method in the old regime was for the importer to inquire for new-crop wheat long before the crop was raised; exporters would make certain commitments and would cover their requirements in the futures market. This support is nowentirely lacking.

One of the first reports to be issued on spring wheat territory was that of the Occident Elevator. They state that moisture last fall as a whole was disappointing. The territory went into the winter on the dry side but with relatively slow thawing, the resulting moisture has gone into the ground. As a whole they regard surface moisture ample for starting the crop, although it appears at the moment that substantial rains will be needed during the season to build up the necessary reserves on account of the dry subsoil condition which prevailed in the fall. They believe that barley and oats acreage will be reduced materially and that such acreage will probably go into wheat grains.

Primary receipts today totaled 1,703,000 bu vs. 1,898,000 bu a week ago and ,031,000 bu the comparable day last year. So far this week stocks at Minneapolis and Kansas City show a net increase of 60,000 bu.

While the CCC office in Kansas City continued their policy of not accepting any offers beyond April 15th, it was announced that the office in Chicago would take wheat for all of April shipment at 1¢ less than their April 15th price. This price s not attractive to Chicago, but undoubtedly affects some wheat East of here, in more or less out of place positions. However, it did stimulate a little buying, particularly in the May wheat here, and brokers with outside connections seemed to be n the buying side. The CCC also advanced their bid on corn, but this had very ittle effect on the futuresprices even though receipts here today were only 22 cars.

Markets continue more or less in the doldrums, with outside interest acking.

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CHICAGO, 4 April 6, 1949

In our economic life, more and more we live by the law, yet we know over any period of time that these laws have to be adjusted to the supply and demand conditions. We had the Farm Board, and later, the first Triple-A, which was declared unconstitutional and replaced by the 1938 Act, under which those in farm production will operate until the end of 1949. In 1948, the Aiken Bill was put on the books for operation after January 1, 1950, but it seems now that the present administration wishes another change. No better admission of short-comings could be exemplified than the fact that continual changes have been made and more are desired. The grain trade has always furnished the machinery for registration of prices under changing conditions and affording the producers a continuous market, while, at the same time, through the hedging medium have protected those handling products in course of commercial distribution.

Just what Mr. Brannan will say tomorrow is open to a lot of conjecture but several news agencies are of the belief that he will in part abandon the rigid loan system for some commodities and advocate that prices seek their own natural level with any variation from a pre-conceived parity level made up by government payment. Probably this does not refer to grains, but it had been a method in the past that some in the grain trade had advised following. There are many strong feelings in Congress over what course should be pursued and it will probably take some time to work out this legislative problem. Solution will have to be found before new wheat is seeded in the early fall because in the past the conditions have not been changed after the seed has been put into the ground.

Old crop loans will mature on April 30th, except for purchase-agreement wheat, on which producers have thirty days more to decide whether to sell the grain to the government or not. It is said that the CCC plans to swap defaulted loan wheat immediately after April 30th for grain in-store at terminal or gulf somewhat later in the month and there is some possibility that this swap may also be against wheat in other positions but only for old-crop grain. Meanwhile, CCC continues to buy wheat daily on bids that are not quite as good as the Kansas City shipping basis but will cover grain more accessible to the gulf, and they are also interested in Northwestern, Eastern, and Pacific Coast wheat.

The weekly crop reports for Kansas, Nebraska, and Missouri are quite optimistic on the moisture condition but some damage is showing up. While rain in the western third of Kansas has improved the condition considerably the past two weeks, damage has shown up in a triangular area from Smith to Washington Counties in the north and narrowing to Sedgwick County in the south. While damage in this area as a whole is not extensive, individual fields and localities have 50% or more loss. In Nebraska, the western areas, according to the weekly report, have practically enough moisture to carry the wheat crop well towards maturity. In the central and eastern part, prospects have declined as water-logged soils have caused much wheat to die. Many farmers are now contemplating seeding other crops but the soil meanwhile is too wet, which is also hampering oat and barley seeding in that State, as well as in Kansas, and also, Missouri. There is a delay in oat seeding in Iowa and it will take still several days of dry weather before the wet spots will be in shape to work, but this delay is said not to be serious. Up to April 2nd, only a fraction of 1% had been seeded, whereas last year 16% was in the ground by April 3rd and in 1946, 81% by April 6th. In 1947, conditions were somewhat comparable to the present situation, with only 1% of the oats sown by April 5th.

During recent hearings in Washington, a grain trade representative stated that the Oklahoma grain commercial storage capacity in 1945 was 45 million bu; in 1946, it was in excess of 53 million, and a recent survey in 1949 disclosed that it was 65 million bu. This is an increase of 20 million bu capacity in five years. The Committee was advised that there was at least 30 million bu farm storage available in addition to the increased and increasing amount of commercial storage. Here, again, the grain trade has anticipated needs for handling larger crops but has not been in sympathy with tremendous government storage expansion, which appears to fill a most temporary need to cover excessive production and not realistic on the size of crops necessary for the demand,

Better domestic flour business was reported, with the largest volume in some time probably as a result of lower flour prices because of advance in feeds, also some export sales to the United Kingdom. The market was also sensitive to some adverse crop reports which helped wheat prices during the day.

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CHICAGO, 4

April 7, 1949

The Farm Program offered by Secretary Brannan to the Joint Congressional Committee today was very much in line with press releases of recent days. The plan went further in that it would give the government control over the size of each farm's production. This would be accomplished by supporting only a certain number of units through acreage control or marketing quotas, and above that quantity the sale of such commodities might not be permitted. Thus it would be complete regimentation of agriculture. Ever since the start of various agricultural schemes, all of which have been unsatisfactory over a prolonged period, because they either created unwieldy surpluses or wasted commodities which were destroyed in order to hold up prices, and other uneconomic features, it has been contended that tighter controls would be necessary for any high level of price support to work. Just how Congress will go along with a practically socialized agricultural scheme remains to be seen.

The present system of loans and purchase agreements would be continued for basic commodities but perishable commodities would be permitted to seek their own price level on a supply and demand basis with any return of less than the full income standard rate made up by direct government payments. Later on, the Secretary believes that more rigid control may be necessary over these products. Each farm would be assigned a certain number of units of production, which could receive price support from the government. The effect of this would be that farms which produce in excess of 1,800 units would not enjoy support on the excess. A unit would be equal to 10 bu corn, almost 8 bu wheat, or little more than 50 lbs cotton, and other crop equivalents would be computed by an established formula. Support price standards for 1950 at the present time would figure $1.88 per bu for wheat on the farm level as compared with a 90% of parity as of March 15th of $1.95; corn would be $1.46 as against the March calculation of $1.42; soybeans, $2.54 against $2.12, but more incentive would probably come in the production of hogs at $19 against present calculation for 90% of March 15th parity at $16.10; beef cattle would be $16.90 against $12; lambs, $18.40 against $13. These prices would be changed in accordance with ten-year averages. Some kind of formula would be set up with a projected income goal as compared with the previous ten-year average and for example, it is stated that the support price of wheat would be arrived at by taking 125% of the ten-year average price $1.50 with the result that the support price would be $1.87 1/2.

The United States consumption of grain for direct food purposes is only a small percentage of that which is fed to livestock and used for other purposes, and these end products will be permitted to seek their own price level with differences made up in government payments. It appears to us that ultimately these payments will have to be financed by the U. S. taxpayer. Just where to draw the line then will have to be determined, as labor has continually demanded higher wages necessitated by cost of goods and taxes which they have to pay.

CCC confirmed today the plan which the trade had reported a few days back that wheat defaulted under the loan would be exchanged for grain in store at terminals or the gulf somewhat later in May. The swap may be made against wheat in other positions but only old crop wheat is to be involved. Other grain news today, also of a government nature, was that a substantial allocation of wheat to the United Kingdom apparently has been approved by the Department of Agriculture and formal announcement awaits the ECA authorization of funds. The British evidently are prepared to take the full portion of the allocation in flour, whether it is 15 or 25%, depending on the provisions of the new ECA law. That country has been buying flour recently but the new quota is said to be considerably in excess of the amount that the United States has recently contracted to date. The wheat quota itself is expected to be one of the largest in some months.

Primary receipts were 1,081,000 bu, slightly more than a week ago and double last years. Stocks in Kansas City and Minneapolis so far this week have decreased 404,000 bu.

CCC would not pay over $2.43 gulf so evidently bought nothing today. Yesterday their entire purchases were 75,000 confined to Minneapolis office. Their corn bid was also unchanged. Cash basis was higher so probably sales to them are lessening.

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CHICAGO, 4

April 8, 1949

Secretary of Agriculture Brannan's farm program as suggested to the Agricultural Committee has now been pretty thoroughly given in the press, but has not been a market factor. The program, as presented, is a radical change, and one must await the outcome of discussions in Congress before coming to conclusions as to the possibility of said program being adopted in part or as a whole. The program is shifting the thought from parity of price to parity of income, but to accomplish such purposes many drastic changes are suggested. If carried out it would probably mean complete control of production, price, and income for the farmer. While undoubtedly it is desirable to maintain the annual income to the country as a whole in one form or another, the cost would have to be met either by the consumer or by the taxpayer. So far the Secretary has not suggested any probable cost of carrying out his program.

Crop news in this country generally remains favorable. Apparently some damage is showing up in Nebraska; in fact, one message received from that State today mentioned that in one section farmers were already discing up wheat. There probably are some sections in Kansas which have gone backwards. On the other side of the picture condition to date has been so favorable that it was almost a foregone conclusion that crop prospects could not brighten very much, and, if anything, might show some decrease. One crop reporter stated in a section of Kansas recently visited he rated crop prospects as 119%. The Texas weekly crop report is very favorable and states in part that, despite very heavy vegetative growth, wheat in important Plains areas appeared to have suffered no ill effects and is in an unusually good condition through most of the area with current moisture needs adequately supplied. One of the Kansas papers yesterday published a very optimistic report stating that there has been heavy planting and that the support price of wheat has been attractive. They further state it is impossible to tell the exact amount of winter kill, and while it might run fairly high at some points, it has been largely counter-balanced by increased seeding last fall. The five-day forecast we would interpret as favorable.

News from Europe is not quite as optimistic. There was some recent rainfall in the West of England and in Central France, but the winter wheat acreage in Europe is less than a year ago, and unless the land is put into spring wheat the crop will be considerably smaller than that produced in 1948. As a whole moisture is needed over large sections of Europe. Conditions in France remain about the most optimistic.

Broomhall reports world shipments of wheat since August 1st for the week ending April 2nd as 597 1/2 million bu, of which the United States has furnished approximately 331 million bu. Since the beginning of our crop year: namely, July 1st, our total shipments have been approximately 379 million bu. The same source reports that the United Kingdom has purchased the Australian surplus of oats and barley, although quantities are not stated, nor has the price been revealed. It is assumed that Australia has a fair barley surplus and a substantial surplus of oats. Broomhall also expresses uncertainty over the size of the new corn crop in the Argentine; however, his opinion leans to the thought that owing to the small acreage and damage during January, production of that cereal will not exceed 200 million bu.

CCC continues in the market and bought 310,000 bu yesterday, of which 265,000 bu was in Kansas City, 25,000 bu Minneapolis and 20,000 bu through their Chicago office. They have limited their maximum price for Gulf purchases to $2.43 for the past few days and today continued at that minimum but reduced the basis 1/2¢ to 39 1/2 over the current Kansas City May wheat futures quotation. Apparently this forms a general basis for wheat and it is most likely that these purchases are of grain adjacent to the Gulf because Kansas City prices at 24 1/2 over would not work to the Gulf on the government bid. There had been a better flour business the past few days although domestically it was smaller today but export sales continue in moderate volume. Even though cash wheat prices are close to the loan level the flour price is approximately the lowest of the year on account of the recent advance in mill feed values. Some flour buyers are now inquiring farther ahead, even into June or July, but no business of this nature is reported consummated.

Primary receipts were somewhat lighter than last week at 811,000 bu and slightly over last year's 750,000 bu. Stocks in Kansas City and Minneapolis so far have decreased 618,000 bu, suggesting a decrease in the visible supply comparable with last year's reduction of 2,681,000 bu. UHLMANN GRAIN CO.

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CHICAGO, 4 April 11, 1949

There was no special grain news over the week-end, although showers were reported in portions of the Northwest, also over Nebraska and the Southwest. Many points were skipped and the heaviest precipitation seemed to center in eastern portions of Kansas although some light showers also fell yesterday afternoon in Illinois, but rainfall over the corn belt since Saturday morning was inconsequential. Trade seems to have become more quiet, and after the close today there will be a government report estimating the winter wheat crop. Many people expect that there will be some improvement over the December figures, despite deterioration, which may have taken place owing to winter killing and the possibility of heavier abandonment than last year.

Secretary Brannan told the Congress today that his proposed new farm program would make federal price controls on food unnecessary, which the Administration had asked for to combat inflation. He did not elaborate very much but simply stated that his farm program would seem to eliminate the necessity for food price controls, which we did not gather from his first proposal. It must be assumed that those who favor price control on a commodity, whether it be price supports, price ceilings, subsidies, marketing agreements, forward pricing, or other forms, believe the price should be either higher or lower than it would be if voluntarily arrived at by a willing buyer and a willing seller. Otherwise, it would not be price control at all. No one person or no bureau could possibly know all the contributing reasons why, for example, a farmer might reject an automobile at $2,000, and yet one in the city might be willing to buy it. Probably it is not necessary that every buyer and seller would have this information. Actually all that is necessary to consummate a sale is for the seller to admit that he was willing to sell and for the buyer to state that he was willing to buy at the same price. The free price mechanism is as delicate as a fine precision watch with dozens of moving parts; each contributes to the operation of the whole, and yet it operates so smoothly that it is sometimes called automatic. Still it is anything but automatic in the sense that it runs without direction. In the same way a free marketing system is perhaps the most essential ingredient of a voluntary economy. Price supports on the other hand are a one-sided form of price control. The important question now is whether the nation shall have an economy of free markets or whether a substitute for price control, eventually will be adopted which leads to the same end, namely, production control, allocation of labor, and ultimately socialism.

Despite assurances made last summer and fall that there could not possibly be a repetition of the break in farm prices that followed World War I, we find that the general level has dropped, if not disastrously, at least very severely. Moreover, the declines in many cases have carried prices right through the government's supposedly impenetrable support levels, the result being to raise some doubts as to the dependability in a crisis of the present machinery. According to one writer in the New York Times this morning, this unhappy misadventure has apparently suggested the need for a new formula for circumventing the laws of supply and demand--one which would be more sure-fired in operation, and preferably one which would antagonize neither the farmer nor the consumer. This party further states, like everyone who ever set out on such a quest, it now announces that it has found the answer of that sovereign cure for the incurable: namely, the two-price system. In other words, to farmers there has been made an offer of an overall annual income of the attractive wartime levels; to consumer and labor is held the promise of lower prices for meat, milk, fresh vegetables, eggs, butter, and other perishables that represent a large chunk of the cost of living items.

When the visible supply figures were posted there was a decrease in wheat of 1,270,000 bu, or about half as much as last year. Total stocks are now 96.3 million bu, which is still 43 million bu more than in 1948. Corn decreased nearly 4 million bu; total stocks are 21 million bu vs 7.7 million last year. This, together with buying by a cash house, had a rather stimulating effect on the nearby deliveries.

Wheat prices were quite indifferent, although the May delivery gained on the new-crop futures. There was no special feature to oats, although the visible decreased 433,000 bu, and there is only 3 million bu in all positions -- a small quantity, although a little more than we had a year ago. Chicago stocks did not show any big changes, although corn stocks decreased 457,000 bu, and there was a shrinkage in oats of 152,000 bu.

Trade was rather moderate in all pits.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 12, 1949

After the close of the market yesterday, the Crop Reporting Board furnished some very valuable data and statistics, both with respect to the farm reserves and also, estimated yields for next summer. Winter wheat improved as fieldsemerged from winter dormancy with much less than usual damage. Therefore, a crop of 1,020 million bu is now estimated the second largest of record, and an increase of 55 million bu over the December 1st figure. It seems that in the Pacific Northwest, severe weather has caused heavy loss of acreage, much of which is being replanted to spring wheat. However, in most other areas acreage abandonment will be light, with losses largely limited to portions of fields smothered by ice, standing water, or soil blowing. Soil moisture is generally ample for spring developments, particularly in the Great Plains from New Mexico and Texas northward, with the possible exception of southeastern Oklahoma. The indicated yield of 16.6 bu per seeded acre compares with 17 bu last year and a ten-year average of only 15.2. The report by States is also very encouraging, with Kansas having a prospect of 245million bu, somewhat higher than the December report; Oklahoma should produce 102 million bu; Texas 99 million bu, although some reduction is made in Nebraska with the crop outlook for nearly 79 million bu, probably adverse conditions having caused some reductions for that state. In any case, with the large carryover it should give us ample supplies, particularly as the outlook for exports is less than last year, despite the fact that European crops will undoubtedly be smaller than they were in the summerof 1948. Stocks of wheat on farms are estimated at 239 million bu, about 7% less than we had a year ago. However, current farm stocks are about 18% above the ten-year average of 203 million bu, and have been exceeded in April only in three other years. Corn stocks on April 1st totaled 1,776 million bu, the largest on record for this date. This carryover exceeds the previous record established in 1943 by 419 million bu, and compares with relatively small stocks of 843 million bu a year ago, and the average of only 1,206 million bu.

Had it not been for the many artificial influences, we believe that markets might have been considerably lower this morning. However, the better prospect for wheat had been pretty much anticipated, and as far as corn is concerned it must be remembered that very large quantities are apt to be impounded if there should be any price declines, as corn is drying out and the farmer seems reluctant to sell, particularly with the price so much under the loan level. Thus we had a rather quiet opening, and not much excitement even during the session. Some comment was made that the disappearance of corn from farms during the quarter amounted to only 12% above last year, and was otherwise the smallest since 1942, with a total of 743 million bu disappearing from farms during this three-month period.

CCC was willing to pay about the same premiums as yesterday, and we find that their operations are somewhat smaller, with 150,000 bu purchased yesterday at Minneapolis and 205,000 bu through the Kansas City Regional Office. However, their persistent bidding is responsible for relative strength in May wheat, and it remains to be seen what the government's attitude will be after defaults occur on April 30th.

Primary receipts of wheat amounted to 1,663,000 bu compared with 1,703,000 bu last week and 642,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 50,000 bu.

Markets were rather firm, and May wheat became quite strong. This had some influence on the new crop futures, although it is generally felt that if we raise over a billion bu of winter wheat, that even with large quantities going to the loan that there should be plenty for all purposes. There was some buying in corn by local operators but volume of trade was not particularly heavy and the market did not make much progress in either direction.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 13, 1949

For more than a century the American competitive system has operated with such efficiency and dispatch, barring possibly temporary depressions, etc., that in some quarters it has been claimed that there was a lack of planning and direction. This, however, is not a correct statement, particularly if cognizance is taken of the incredible performance that we have had. We mention this in connection with the pending farm program because certainly there is no short cut to Utopia. As a matter of fact, under a planned economy there would be a stifling or destruction of personal initiative, which is the most creative force in the world, and which has been responsible for our unparalleled economic progress. We admit that if farm prices are to be kept artificially high, or even at wartime levels, it will probably require acreage restrictions; otherwise unmanageable surpluses will develop and in the end no country, however resourceful, could stand these accumulations. Under a planned economy, personal initiative would be replaced by bureau after bureau, taking over virtually every phase of our private life, and it would be accompanied by innumerable directives, imposing red tape, and regulations on every person in the country, finally strangling enterprise and even devouring our substance. We who have always believed in liberty and who have fought dearly for it should not now make these concessions that have been asked for unless we are positive that we can improve our status instead of trampling our liberties under foot and finally pauperizing our people. Such are the inevitable consequences down through the ages of planning under the guise of government attempts to bring relief to every segment of our society. As one of our friends in the East points out: ''American stands at the crossroads. We must choose between the way of American free enterprise or socialism. The former, under intelligent direction and a keen sense of social responsibility, provides individual freedom, opportunities for advancement, and the potentialities for an abundant life. The other road leads, as it has always led, to regimentation, oppression, a general leveling down of living standards, and a loss of freedom. To say 'it cannot happen here' is to indulge in wishful thinking as the highway down which we are traveling has all the signposts of the 'road to serfdom.' ''

Before our market opened this morning, there was no particular news pertaining to either weather or grain. CCC bids in the Southwest were reduced, but apparently even this price is not attracting heavy sales on part of the country. Corn offerings are a little heavier and bookings today were considerably more than previously. This brought in a little speculative selling, although volume early was not particularly heavy. During the session the Nebraska weekly crop report stated that the eastern third of the State had been damaged and apparently some of the fields have been re-seeded. Whether this is all included in the government report is difficult to tell. Some believe there may have been deterioration since the report was documented on April 1st. In any case official figures showed a reduction from December, but elsewhere we do not hear of any appreciable damage from winter kill nor does it look as though abandonment would be as heavy as normally.

The government announced a support for the 1949 soybean crop grading U.S. #2 and containing not more than 14% moisture at 90% of the comparable price for all soybeans on September 1, 1949. To be eligible for loan or purchase agreements, beans would have to grade #4 or better, and must not contain more than 14% moisture. A premium of 1¢ per bu will be applicable to green and yellow varieties, and a discount of 19¢ per bu for black, brown, and mixed varieties. Loans and purchase agreements will be available to producers from time of harvest through January 31, 1950. Loans will mature May 31, 1950, or earlier on demand.

Primary receipts of wheat amounted to only 524,000 bu, not much different from either last week or last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 267,000 bu.

After mid-session there was a little more bearish feeling in all pits. Part of this may have been due to the Kansas State report, claiming generally satisfactory growth during the past week, and stating that moisture supplies were good to excessive throughout the State as the result of recent rains. In addition to this, however, there was considerable weakness in the corn market, which contributed to some of the selling, and had it not been for the relative strength in May wheat, our markets might have been even lower. Other than this there was no particular news, although they are still talking of the need of moisture soon in the Northwest and probably later in the corn belt, although the dry spell now might give farmers a chance to complete their spring work. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 14, 1949

The House voted $16 billion for defense with only one dissenting vote, despite many protests of the enormous waste involved in military spending. This together with other disbursements will require continued or even higher taxes for sometime to come. Under such conditions it is essential that business should prosper in order that the strain on our economy will not be too great. For more than a decade and a half, the federal government has been paying out huge sums and many millions of persons in this country are regularly receiving government checks, so that the aggregate annual subsidies and pensions of various kinds are colossal. Besides that there are proposals for additional social welfare, and never in the history of this country or any other has there been such expenditure.

In 1878, Senator Benjamin Harvey Hill warned the United States Senate that the danger to this country was not big business but big government. We quote from one of his speeches: "But, Sir, I have said I do not dread these corporations as instruments of power to destroy this country, because there are a thousand agencies which can regulate, restrain and control them; but there is a corporation we may all dread. That corporation is the Federal Government. From the aggression of this corporation there can be no safety, if it is allowed to go beyond the bounds, the well defined limits of its power. I dread nothing so much as the exercise of ungranted and doubtful powers by this government. It is, in my opinion, the danger of dangers to the future of this country. Let us be sure we keep it always within its limits. If this great, ambitious, ever growing corporation becomes oppressive, who shall check it? If it becomes wayward, who shall control it? If it becomes unjust, who shall trust it? As sentinels on the country's watchtower, senators, I beseech you watch and guard with sleepless dread that corporation which can make all property and rights, all states and people, and all liberty and hope, its playthings in an hour and its victims forever."

When our market opened this morning, it was influenced by some reports of scattered moisture in the Southwest, mostly rain mingled with snow, but nothing very heavy, although later in the session Hastings and Omaha, Nebraska reported about 2 inches of snow and rain; therefore, this should be some relief. There was also 6 inches snow in Minneapolis with the prospect for further precipitation Northwest. Little attention was paid to new-crop prospects for the reason that May wheat again was the main feature, and apparently as we are getting closer to a delivery period, shorts are becoming more concerned.

The CCC bid for gulf wheat was $2.42 maximum in-store Galveston, shipment by April 15th, and with the strength in the old-crop future, this naturally meant a reduced premium basis. We note their purchases yesterday in the Southwest were only 35,000 bu. We understood that The Netherlands and Britain had bought a good quantity of flour overnight, and there was some mill buying of futures against this business. Furthermore, Britain will probably be in the market shortly for about half a million bu wheat, all of which is having a somewhat stimulating influence on a situation where cash wheat is already tight.

Primary receipts of wheat were somewhat better and amounted to 979,000 bu. This compared with a little over 1 million bu last week and 764,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 393,000 bu. When the visible supply of wheat is posted next Monday, it will compare with a shrinkage last year of 3.8 million bu.

Trade was not particularly heavy, and while there was a little more activity in flour, current bookings are only about half of capacity, but still there is no pressure from any source, and, as we stated before, May wheat was in the lead all day, finally influencing to some extent the deferred months. Bookings of corn from the country were light and even yesterday we doubt whether the actual country selling was as heavy as represented. However, there was no particular issue in corn, although this cereal finally firmed, as did others, probably in sympathy with the leading cereal, and the close was somewhat higher. It was reported that the moisture for March in western Kansas was the best since 1931.

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CHICAGO, 4 April 18, 1949.

There was quite a little moisture over the Easter holiday, but nothing much in the Northwest except possibly over southern portions of Minnesota, We presume that before long there may be some complaints unless the spring wheat areas get relief. Rain mixed with snow extended through Iowa and covered most sections east of the Mississippi River. Grain news was about the same as heretofore, with some discussions as to whether the Congress will enact subsidies in order to permit certain agricultural commodities to seek their economic level, although we see that Chairman Cooley, of the House Agricultural Committee, has predicted that Congress will write a new farm program to take effect in 1950. The idea of doing all things for all people naturally has an appeal, and the administration proposes government payments to give farmers a good income, while at the same time providing consumers with cheap food. Probably the only people to object to such a plan would be the taxpayers, although other elements of our society could easily take the view that if producers are subsidieed there is no reason why small manufacturers or merchants should not receive the same treatment, particularly in times of distress. Nobody can tell what such a program may cost, but we believe estimates that it might take $5 to $8 billion per year are probably conservative. In any case, there is bound to be a good deal of confusion, at least for the time being, as we understand that wheat and corn are not to be included under this new Brannan program, and that the price support standards would be determined for each farm crop in an effort to give farmers the desired income, which we are told is about $26 1/4 billion for next year, and would, thereafter be set yearly by government either raised or lowered, depending on subsequent conditions.

When our market opened this morning, it was influenced by a less urgent demand, and while the government was not bidding for wheat for April shipment through the various regional offices, they were accepting offers, and we understand merely recording them, with some doubt expressed that recent business had amounted to much. We believe this indifference is at least partly due to the fact that on April 30th defaults will be very heavy, and CCC may fall into possession of 200 million bu wheat or more; therefore, they do not have to be very aggressive in making purchases during the next few days. Possibly they are even busy getting ready for these receipts which will soon come under their control. Country offerings in the Northwest had been quite heavy toward the end of last week, but today's purchases dropped off to practically nothing and possibly the lower premiums have prevented much farm selling.

The Department of Agriculture has just released a resume taking a second glance at the outlook for 1949. They concluded that foreign takings of U.S. farm products would probably continue large. This shows some doubt as to the sustained demand from abroad, They also pointed out that with early reports indicating a 1949-50 wheat supply that is likely to materially exceed domestic use and exports, wheat prices are apt to average below the loan for the marketing year. However, they feel that demand for farm products will probably continue strong for the balance of the year but at a somewhat lower level than in 1948.

When the visible supply of wheat was posted there was a decrease of 3.8 million bu, practically the same as last year. Total stocks in all positions have been cut to 92 1/2 million bu, with the result that there is still 43 million bu more on hand than in 1948. The corn visible decreased 2 1/4 million bu, reducing stocks to 18.8 million bu compared with 11 1/2 million bu a year ago. Oat stocks decreased 230,000 bu, leaving 2.7 million bu in all positions, or nearly 1 million bu more than last year. Chicago stocks of wheat are now 1.2 million bu, corn3.3 million bu, oats 498,000 bu, and rye 674,000 bu.

Trade was not particularly heavy, but there seemed to be a little pressure on wheat, due to the fact that May wheat eased to some extent, and this, we believe, was almost entirely due to the lessened demand by the CCC. Their prices in the Northwest were about 2¢ lower on basis, making ordinary wheat 12¢ over FOB boat Duluth. In the Southwest, we understood that an offer of 2.39 Galveston, all April shipment, was turned down. This would have been equal to about 31¢ over Kansas City May. There is still very little interest on part of flour buyers, although prices are now on a more attractive level.

There was not much feature to corn, and oat prices were easier at the start, but there was a firming tendency later in the session.

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DAILY MARKET LETTER

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CHICAGO, 4

April 19, 1949

There was some very fine moisture overnight covering the Panhandles of Texas and Oklahoma, with as much as one inch in several spots, which, of course, is wonderful, and some of the people from Amarillo, Texas claim that this rain was very general covering such a wide territory on both the North and South Plains that we are optimistic enough to believe that this is almost enough to carry the crop through harvest.

Other grain news was not particularly important, although it was indicated that while CCC was merely asking for offerings, they might be willing to be a little more aggressive, and this had a stimulating effect on May wheat, which also influenced new crop futures. Secretary Brannan was apparently on the air last evening arguing in favor of his plan, and we have no idea whether it will finally go through in its present form, or whether it will be enacted at all. However, there have been charges of regimentation of farm life by some Congressional leaders, because it looks as though the program proposes to limit not only the size of farms, but might also tighten various other controls by curtailing acreage and imposing marketing quotas, which, of course, would be most distasteful to the producer who has always been the master of his own destiny.

Meanwhile there has not been much relief by way of moisture in our spring wheat areas, although field work has made some progress, and possibly it would be better to get the seed into the ground before precipitation comes, but we feel quite certain that unless there is relief within the next two or three weeks there will be numerous complaints. Outside of some freezing at night, temperatures seem to have been rather favorable, and the Occident Elevator Report claims that if we have a dry spell a great deal of farm work should be accomplished during the current week, so that not too much attention is being paid to any reports of dryness. However the northeastern part of North Dakota and the northern section of Minnesota are still very wet and it will take another ten days before seeding can start. One of our friends tells us that, generally speaking, moisture conditions are satisfactory in southern Montana, but are dry in the northern part of the State. Most of the grain goes in on summer fallow and there is a good reserve in the land so prepared but the trouble is that the surface is dry and rain will be needed for proper germination.

CCC bought 345,000 bu spring wheat through the Minneapolis Regional Office yesterday, also 100,000 bu winter wheat, and 20,000 bu rye. However, Southwest purchases were nil, and possibly this is the reason for a little more aggressiveness this morning, although we have pointed out defaults at the end of the month should be very heavy, and we see no reason why further large purchases have to be made. Cumulative purchases of all grains since July 1st have been quite heavy, and have amounted to 417 million bu, including flour in wheat equivalent. This is certainly an enormous program, and we believe that our exports will not only be the largest in our own history, but will certainly be more than has ever been shipped from any other surplus country in a single year. As a matter of fact, we can recall the period, 1933-37, when world shipments of wheat and flour were each year less than 600 million bu, comprising the quantities destined for ex-Europe, and this was at a time when Argentina, Canada, and Australia were making a reasonably large contribution, together with some lesser quantities from the smaller nations.

Primary receipts of wheat amounted to 1,561,000 bu compared with 1,663,000 bu last week, and 909,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 90,000 bu.

Markets were all mostly lower at the beginning of the session, but gradually firmed, and May wheat went to the widest premium over the new-crop positions which we have seen on this crop. Corn seemed to have been independently strong, and Chicago contract stocks are down to 1 3/4 million bu, which is certainly not much in view of the bumper yields of last fall.

It was reported during the session that CCC was again buying some wheat at Minneapolis, even though the basis was about 2¢ per bu lower than yesterday, but, of course, the advance in futures was of some assistance. Late in the session there were also reports of rain at a number of spots in central Kansas, all of which should be helpful.

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CHICAGO, 4

April 20, 1949

The Department of Agriculture has released its March-April resume on wheat, and while they have reviewed some figures that had already been given to the trade, they have furnished other estimates so that all in all this is one of the most instructive documents published by the Department. The winter wheat crop of 1,020 million bu was the figure reported for April 1st, and if added to this the probable spring wheat production of 290 million bu, we would have a total yield of 1,310 million bu, second only to the 1947 crop when we produced 1,367 million bu. They point out that there has been no official spring wheat estimate, but their figure is reached by taking the average yields for the 1938-47 period, which is about all that can be said at this early date. In sizing up the domestic usage they assume only 490 million bu will be used for food, 100 million bu for feed, and 75 million bu for seed, somewhat smaller than the trade had expected, but a total utilization of 665 million bu. On that basis they claim there will be 650 million bu for export or for additional carryover. When it comes to estimating our exports for next season, they use a figure of 450 million bu, which to us seems rather high, but on that basis, the reserve stock one year hence would be about 500 million bu, which compares with the average carryover of 235 million bu in the period 1932-41, and an all-time record high of 631 million bu in 1942.

They point out that Europe apparently seeded a somewhat smaller acreage to winter wheat and that the crop prospects are less satisfactory, so that despite intensive campaigns in some areas to increase spring plantings, they apparently feel that requirements from the surplus countries will continue fairly large. They adhere to their previous statement that on July 1st of this year, we shall probably have a reserve, ranging from 300 to 325 million bu. They also point out that if prices do not advance enough to cover loan value plus cost, much of the wheat under purchase agreement or under loan will be delivered to CCC following the April 30th expiration date. Of course, there have been some deductions during the past weeks, but at one time there was as much as 364 million bu impounded under those programs so that in any event it looks likely that the carryover on July 1st will probably be largely owned by CCC, and this in our opinion is the reason for the tightness in May wheat, which has attracted so much attention of late.

When our market opened this morning there was little to guide it. Weather does not seem to be much of a factor, and we dealt with that situation in our yesterday's letter, to which there is nothing much to be added now. Some reports indicate that conditions in eastern Nebraska are poor, but these statements are repetitive, and some of the damage may already have been taken into account when the official April figures were published. In any case, the over-all picture is still very good, and a total of 81.7 million acres is reported seeded or to be seeded for the 1949 crop. This, if attained, would be the largest on record, slightly exceeding the previous record of 80.8 million acres in 1937. The government points out that in many areas downward adjustment of wheat acreage is desirable in the interest of the present long-time use of soil resources, and we should not be surprised if next year curtailment would be sought, possibly for other reasons if our reserves keep mounting as is now indicated.

Primary receipts of wheat were down to 486,000 bu which compared with 524,000 bu last week and 530,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 193,000 bu.

There was not near the relative strength in May wheat today probably for the reason that CCC was less aggressive and we understand in the Northwest that ordinary wheat had been offered to that agency at 10 over Minneapolis May without attracting business. However, the deferred months were higher and some of the Weekly State Reports were regarded as a little more bullish, although for Kansas it was claimed that growing conditions were generally favorable for wheat during the past week and that the crop had made rapid advancement. However, some soil blowing in a few southwestern and western and central counties was reported. For Oklahoma, while the crop was said to be in good condition over most of the northwestern area, it was felt that the early wheat showed a rank growth. This brought some buying into the market and probably some short covering.

Corn was not particularly active although bookings from the country were heavier, almost 400,000 bu and it appears to be largely barge corn but in any case this took the edge off the market and there was some realizing after the recent sharp advances that we have had.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 April 21, 1949.

There had been some scattered showers overnight in Alberta and Saskatchewan, the two main wheat producing provinces in Canada, and while quantities were not heavy, it was at least a start. Not much attention was paid to this factor, and there had been practically no moisture in our Northwest, although some further scattered precipitation was reported over various sections of the winter wheat belt.

There has not been much discussion lately about Secretary Brannan's new farm program, which, of course, has a tremendous political appeal, and according to the formula it is supposed to work a miracle, providing guaranteed income to farmers and low prices to consumers, which, of course, would satisfy everyone except the taxpayer. There have been no concrete figures offered yet as to what this might cost. Several conservative people believe that for the first year the expense might run as high as $5 to $6 billion, but then, of course, there would be other items because perishable commodities are not included, and, for example, wheat, corn, and cotton would still be supported, which might entail further losses. We have traveled so far in such a short time that much has been forgotten, but as we look at total expenditures of the federal government from 1916 to 1940, we find only a few years when costs were over $6 billion, and as a matter of fact receipts during that period were almost as large, so that we were not building up deficits. Now, however, it takes about $40 billion to run our federal government, including the various agencies that must be supported; consequently, the gross debt per capita is $1,721, while in 1940 it was only $367. Few people even discuss this phase of our economy, although we believe it is important to point out that if a new program is entered into and requires almost as much in the way of payments to farmers as all of our expenditures were prior to 1940, the matter should at least be studied most carefully before a decision is reached. Moreover, we have in mind that if prices are permitted to seek their real level instead of being kept up artificially and then the farmer is provided with a check to make up the difference, such a subsidy might well be regarded as a dole. There is some doubt whether even farmers would want to be regimented in that way if they knew all the facts, being fully mindful that it is only the beginning of much more socialism, as in time their acreages and marketings might be completely controlled. Legislation to make the Secretary's plan effective has not been written, and will no doubt be highly complicated.

CCC was in the market bidding 30 1/2 over Kansas City May for gulf wheat in-store, and this was an unchanged basis from yesterday, but apparently shorts in May wheat are not given much comfort, particularly with the small contract stocks we have in Chicago, and not too much chance on present differentials to attract wheat here from other markets. More attention is directed to the discount that new crop futures are selling under the probable loan, and during the past few days there has undoubtedly been some short-covering, with the feeling that there might be some crop scares during the next few weeks. The news up to now has been mainly favorable with some few exceptions, particularly deterioration in Nebraska; therefore, it stands to reason that there might be more room for deterioration than for improvement --at least on this theory selling of the July and September futures has not been aggressive.

The Chicago corn-hog ratio this week stood at 13.7, which is a fractional decline from last week but compares with 8.7 last year. Another cargo of Canadian rye is enroute to Chicago. This makes seven boats all told, or a total of about 1.7 million bu since navigation opened. Despite the relative cheapness of this cereal, demand is not keen; therefore, the market has been dull with very little interest especially since rye is not one of the cereals being supported by the government.

Primary receipts of wheat were larger, and amounted to a little over one million bu compared with 979,000 bu last week, and 1,112,000 bu last year. Kansas City and Minneapolis stocks so far this week decreased 312,000 bu.

CCC purchased 137,000 bu yesterday in the Southwest, and 250,000 bu in the Northwest. This, plus the fact that defaults on loans will probably be heavy, seems to discourage short selling, and we had somewhat higher markets today, although hesitancy at times.

In corn, bookings were again large, although presumably mostly barge shipments corn coming to Chicago. In any case, it prevents much enthusiasm on the bull side of the market, although a little local buying from time to time seemed to bring about rallies after there had been minor dips.

The market today was rather dull, and volume of trading in the various pits must have been considerably smaller than yesterday.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 22, 1949.

There was not much grain news overnight, nor was there anything in the weather to cause much change in sentiment. Feeling during the past few days has been a little friendlier toward wheat, not because of any marked change in the crop outlook, but rather on the possibility that if the winter wheat harvest provides enough dry wheat, much of it may be stored on the ground or back in the country, and would, therefore, not be rushed to market at a price distinctly lower than next year's loan. On the other hand much will depend on the percentage of old-crop wheat that might be available for commercial users, and here again we are somewhat in the dark, although it seems pretty well assured that the government will wind up owning most of the reserve. We shall know more about this in the coming weeks, although with respect to purchase agreement wheat this does not have to be settled until thirty days after loans are either paid off or defaulted. So there are a good many uncertainties still ahead.

The International Wheat Agreement is not likely to make much difference in our exports for the next two seasons at least. Final ratification date is July 1, 1949, and the text provides that the Agreement will become effective on August 1st if the quotas of the countries which have ratified the Agreement include 70% of guaranteed purchases and 80% of guaranteed sales. The amount allotted to us for shipment is only 168.1 million bu, and from the way Washington talks and acts, it is quite likely that our shipments next season will be 2 1/2 times that large. As the years pass on if this Agreement is finally adopted, there will be occasions when the guaranteed purchase quotas will be above importers' needs when dollars can be expended to better advantage and when Argentina or Russia offers better terms than can be secured under the Agreement. Thus there is considerable doubt as to the effectiveness of this pact. As far as exporters are concerned, there will be times when a succession of good crops may find poor outlets for their surpluses, or conversely, with poor yields it may be difficult to fulfill quotas. Moreover, as Broomhall points out, the International Agreement will place a premium on native wheat in European countries, and very likely acreages will gradually be increased.

There is nothing further on Secretary Brannan's plan, but we note in Life Magazine this week some rather critical comment, for they say: "In return for a guaranteed living the farmer would have to sign away his freedom of choice; he would have to go along with government quota and soil conservation decisions to a point not contemplated in present agricultural law." The writer of that article figures that subsidies would eventually have to be paid out of taxes or inflation, so the food bill for most of us would certainly not go down. He figures that the Aiken Law, which goes into effect some ten months before the 1950 elections, offers a series of flexible price supports designed to lower the government payment on crops that are produced in too great abundance. Thus he says that if farmers were to get only 75% of parity, say on wheat, it would serve as a signal that he might more profitably turn his energy to some other crop still paying top parity price. It is stated that the Brannan plan would permit no such freedom of choice, but would make the farmer the doer of Agriculture Department will in exchange for a guaranteed living. Consequently, the total bureaucratization of U. S. agriculture would follow as inevitably as a chicken follows from a fertile egg.

Primary receipts of wheat today amounted to 1,227,000 bu; there was a holiday last week, and a year ago they were 792,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 381,000 bu. When the visible supply is posted next Monday it will compare with a decrease of 3 1/2 million bu last year.

Secretary Brannan stated today that the mandatory support program for potatoes continues to be an expensive and troublesome operation, and that he felt sure members of Congress were not at all satisfied that a reduction in support level would provide a complete solution.

While there has been some mention of dry soil conditions in our spring wheat territory and in Canada, one of our friends tells us that he sees no reason for any great apprehension this early. He admits that if after the crop is seeded and there are high winds it may necessitate reseeding, but that generally speaking there must be dry weather in order to get the land in condition, and that there is still plenty of time for late April and usual May rains May wheat today was again comparatively weak. The CCC reduced its premium in the Southwest to 29 1/2¢ over Kansas City May, basis the Gulf, which is 1¢ lower. However, the deferred months were relatively firmer, but best prices of the day were not maintained. Corn was rather indifferent.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 25, 1949

Toward the end of the session on Saturday, wheat began to reflect a more bearish sentiment, which had started in oats. There is general recognition now that our oat carryover may be of record proportions, and maybe close to 350 million bu, which is still a large stock, particularly if we have another good sized crop next season. While there has not been an accumulation at terminals at any time during the past ten months, it looks as though receipts are going to be a little bit better and, therefore, the premium of May over July and new-crop futures is attracting some attention. In any case this is another indication that without supports for all of our grains, prices would be considerably lower.

This brings up the question again as to whether we are going to continue with our present program, or whether the Brannan plan will find approval. As we have pointed out, it is a sort of Utopia, offering cheap prices to consumers and wartime levels to farmers with the taxpayer shouldering the bill, but at least there seems some chance that it may be tried this coming year on hogs and milk. In any case the trend in agriculture is more and more towards socialism, and towards subsidizing farm income instead of prices.

As far as crop news is concerned, everything seems quite satisfactory, although there has been no rain recently in the spring wheat territory but elsewhere it is still very good with some few exceptions. One of our men just returned from a rather extensive trip through Texas, parts of Oklahoma, and southern Kansas, and at virtually all of these points he reports larger wheat areas than last year, stating that he had never seen such excellent crop prospects. He said it was almost impossible to find a bad field anywhere. Weather has been about perfect, and while cool there has been a good deal of clear, bright sunshine, and probably what is more needed than anything else for Texas is two or three weeks of clear, warm weather without rain. Almost all of the wheat has a very heavy growth, and in the absence of rain would avoid having the crop being subjected to excessive straw, and in that case a higher yield might be looked for, so that there are people believing that Texas might finally raise more than 110 million bu if we get the proper weather, and the final yield might be even greater. The same party told us that a large share of country elevators in that part of the country were nearly empty of wheat, and should the crop come through as it now appears, farmers may sell a good percentage as low as $1.65 a bu, particularly as many of the larger wheat growers do not have much farm storage. Harvest operations should begin around June 10th or 20th, and thus any excess that is raised in Texas should more than offset the poor yields which are expected in eastern Nebraska where only about 1 1/2 million acres is involved.

CCC is offering to pay 29¢ over Kansas City May for shipment by April 29th, and, of course, April 30th, which is next Saturday, is close at hand, so that farmers will soon have to decide whether to redeem their wheat or else default on it. In our opinion the government will come into possession of very large quantities, but whether this is sufficient to make for a concentrated holding and thus cause further relative strength in May is difficult to determine. Of course, consumers will buy only from hand to mouth, figuring on getting cheaper supplies after the new harvest.

When the wheat visible was posted, it showed an increase of 173,000 bu. Total stocks in all positions are 92.6 compared with only 45.8 million last year. Corn, in spite of better bookings during the week, decreased 2.2 million bu, leaving a total stock at various terminals of 16.6 million, or nearly 9 million more than last year. The oat visible showed an increase of 353,000 bu but there are only 3.1 million bu in all positions, or about 1 1/2 million more than last year. Chicago stocks of wheat are down to 1.2 million bu; corn, 2.8 million bu; oats, increased to 650,000 bu, while rye increased to 1.5 million bu. In addition there is nearly 1/2 million bu of bonded rye in Chicago.

It seems under present conditions even though May wheat shows relative strength from time to time, new-crop futures are having some difficulty in maintaining even moderate advances. This is probably due to the fact that with the billion-bushel winter wheat crop in prospect, there is no support of consequence, and certainly about the only element of strength might be possible crop damage later or the belief that present prices are so far under the loan that there may be a holding tendency on part of producers. After mid-session there was considerable indifference, and when some liquidating orders came into the pit, the market was apparently not very well supported, and, therefore, Saturday's decline was quite easily resumed.

There was not too much feature in corn, despite lower prices for oats, but the yellow cereal held moderately well, and apparently there is not as much corn offered from the country on declines.

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CHICAGO, 4

April 26, 1949

There was nothing special in the overnight news, and we could have made this statement for the past ten days as developments have been unimportant both with respect to news and weather. The only moisture of consequence in our Northwest occurred in central and southern Minnesota, but elsewhere there seems to be no precipitation developing, although as yet there has been no crying need for it.

Secretary Brannan is making a rather strong appeal before the Congress for his program of shifting the burden of supports to the taxpayer. While he still does not seem to have an estimate on the cost of carrying on this new payment plan, he figures that the ultimate cost would not be any heavier than a direct farm support, and argues that his scheme has the advantage of keeping the price low enough so the consumer will probably increase his buying power as compared to what would be the case if prices were held up artificially. At the same time one of the largest farm organizations is not at all sympathetic with these proposals. Mr. Kline, President of the American Farm Bureau Federation, stated that producers were not ready to give up the right to earn good income by their own efforts in return for government guarantees, dependent on annual congressional appropriations and conditioned on excessive government direction of agriculture. He further claimed that the Brannan program varied so from the position of the American Farm Bureau that his group had no choice but to oppose it. Apparently these people are still in favor of the Aiken Law, passed during the last session of Congress, which was designed to protect farm income from collapse, and which in Kline's opinion would avoid unnecessary regimentation, controls, and interference with farmers' right to work out their own programs individually and collectively. Should other large farm groups take a similar stand, we presume the administration would encounter great difficulty because after all it is the farmers who are really supposed to get the benefits of any federal aid in all these calculations. However, any plan to guarantee farm income of about $26 1/4 billion will not be easy, and the Secretary of Agriculture may be right in one way that his proposal, if applied to all commodities and to all produce, would give a clearer picture to the taxpayer as to just how much it would cost to prevent any serious declines of income from present levels.

As matters now stand the system is very involved with the CCC making daily purchases and turning these goods over to some other agency that either sells or gives commodities away under the Marshall Plan under an involved bookkeeping system. We doubt whether many people in Washington have any conception of what the loss really would be if properly computed. However, farmers do not want to feel that they are receiving a dole, and they probably appreciate that with European production gradually increasing, our big exports cannot be kept up at this pace forever. Therefore, in years of heavy production we might have considerably lower prices unless some action is taken to prevent it.

Stocks of wheat in all positions as given by the government last night indicate 98 million bu more than we had a year ago. Should we export and feed the same amount of wheat during the last quarter of the season that we did in 1948, we would add about 100 million bu to the next carryover, or in other words, have a reserve stock of approximately 300 million bu on July 1st, which was in line with expectations; therefore, this was not much of a market factor.

Primary receipts of wheat were heavier and amounted to 1,887,000 bu compared with 1,561,000 bu last week and 1,297,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 65,000 bu.

After mid-session, all markets turned firmer and reports from the Northwest indicated that some areas were beginning to talk more of lack of moisture, particularly in Northern Montana, with also a few complaints from Southern Montana and some areas in North Dakota. While seeding has made fair progress over wide areas, there are spots where it has been stopped until rain is received and it is feared that there may be soil drifting on higher ground unless there is some relief shortly. The five-day forecast was not at all optimistic in that respect.

With not much pressure from any source, buying orders were responsible for bringing about higher levels, with most of the strength being displayed in the distant months, and, as a result, somewhat wider carrying charges. Corn took its cue from wheat and, in fact, other grains were influenced by the leading cereal so that we had a fairly general advance all along the line.

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CHICAGO, 4

April 27, 1949

Moderate to heavy rainfall occurred the past twenty-four hours over a large portion of the Southwest, and to a lesser extent East of the Mississippi River. Moisture was particularly heavy in Kansas, with 3 to 4 inches being reported from Kismet to Meade; 2.32 inches at Wichita, 1.10 inches at Dodge City, and should assure that portion of the winter wheat crop sufficient moisture for some weeks to come. Conditions in the spring wheat states still remain dry with a few showers indicated for Montana and not much relief for Canada. However, field work is proceeding in the four Northwestern States but moisture will be needed in the near future. In analyzing the weekly reports Montana mentions that soil moisture is adequate except becoming critically short in the areas northeast of Great Falls. Winter wheat is fair to good although in the northern counties there is much planted to spring wheat, with that crop about half seeded. North Dakota reports no important rainfall during the past week; temperatures moderate with good progress made in plowing and seeding in south and south central sections but no work in the extreme north due to wet soil. Wheat seeding is about 50% completed in the southern sections. South Dakota reports precipitation below normal, with 50 to 75% of the spring wheat seeded in all sections. The first Van Dusen Harrington Company report of the season was issued today in which they mention that the past two weeks has been favorable for the rapid progress of field work. They intimate some reports of winter killing on fall-seeded wheat in southern Minnesota. Small grain seeding is nearing completion in most sections and rain would be welcome over much of the territory. The Iowa Weekly report states that 95% of oats is in the ground. Kansas reports that wheat is generally in good condition, although some winter killing showing up in the north central areas.

In summarizing stocks of wheat in all positions as of April 1st, the total is given as 576 million bu, an increase of 96 million from the previous year. However, the increase is mostly in the Northwest and the Pacific Northwest. Our four Northwest States show 59 million bu more than a year ago, the Pacific Northwest 26 million, while the southwestern States, including Colorado and Missouri, only 5 million additional; Kansas, the largest wheat producing state shows a decrease of 20 million bu.

From Europe we learn through Broomhall that there are still many dry spots although spring seeding is mostly completed, and sufficient rain has fallen for germination in the majority of sections, but it still is too early to estimate the effect on the wheat yields of the drought which has been particularly acute in the Balkans, Spain, and parts of France. The same source reports that the quality of the new Australian wheat is better than a year ago when nearly 50 million bu was entirely off-grade and not millable from the British standard, although most of the off-grade wheat has been finally disposed of to Asia.

The Kansas City office of CCC reports the purchase of approximately 70,000 bu wheat for the period ending noon Tuesday. The price today, basis Galveston, is 27 1/2¢ over Kansas City May with the maximum price $2.38. So far they have evidenced no interest in offers beyond April 29th. Corn receipts in Chicago remain rather light. CCC office here announces that they will take 14 1/2% moisture or 1/2% higher than recently, although inspection is to be at destination.

Primary receipts of wheat today total 567,000 bu against 486,000 bu a week ago and 533,000 bu the comparable day last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 189,000 bu.

There is a little more interest being expressed by bakers, and it is possible that some business may develop for May shipments. Corn offerings from the country picked up a little during the session, and the last report we had 230,000 bu corn was booked mostly by barge. A late message from Oklahoma stated that last night's rains covered the entire Southwest wheat belt with the exception of Texas and the far Oklahoma Panhandle. Marketings of cash wheat in the Southwest are still very limited, and within three days' time defaults on loans will take place with the government probably coming into possession of a very major portion of the final carryover.

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CHICAGO, 4

April 28, 1949

Secretary Brannan's new agricultural program has not advanced far enough in Congress to obtain any clear-cut thinking on part of legis lator so as to give any clue to the ultimate outcome. There has been no estimate of the cost of such a program by the authorities, nor has there been enough time to formulate a clear picture of the reaction of producers. Undoubtedly the program will be subjected to several months of discussion and debate. From the surface it would appear that it would add considerably to the load of the taxpayer and would finally lead to rather complete regimentation of agriculture. While everyone likes to be on the receiving end of grants, gratuities, and subsidies, basically the American farmer is an independent citizen who wants to be left with full freedom as to what he should or should not raise. The course of the present proposed legislation will go a long way in determining the future of American agriculture for many years to come.

The Wall Street Journal points out in one of its articles today the great shortage of bins and elevator space to take care of what appears to be bumper crops this year. They mention that storage space is jammed in public elevators at Dallas and Fort Worth, however, we feel that there is more space available in the country districts of Texas, Oklahoma and Kansas than they intimated in their article. Of course, the country space will in no way be able to take care of the tremendous crop movement when it once starts but will be able to take care of some of the storage in the early movement.

According to figures of PMA, total purchases of wheat by the CCC from July 1, 1948 through April 22, 1949 has amounted to approximately 287 million bu. On July 1st of last year, they owned approximately 46 3/4 million , which would bring the total up to approximately 333 million bu. Purchases of flour expressed in wheat equivalent during that same period were approximately 29 1/2 million bu, and 10 million bu was in their stock on July 1st; so total acquisitions of CCC for the period mentioned above has been 373 million bu. To get the over-all picture of the amount of exports and the large quantities handled by the government agency, one would have to add the amount that the private trade handled direct, and also, the amount of wheat the CCC will possess from loans on April 30th. In two days defaults on loans will occur, So far the Kansas City office of CCC has evinced no interest in offers beyond April 29th. Whether they will still have support under the market is a moot question, but unless prices should advance sufficiently, they will undoubtedly come into another further supply of wheat through purchase agreements, which expire in thirty days after the loan. There seemed to be some talk today of the CCC swapping old wheat for new, but we find no authority for such statement. We do believe that they have or are contemplating exchanging country warehouse receipts for receipts at the gulf, but this would only constitute a swap of old wheat in different positions.

The Cargill Grain Review, which has just been released, in speaking of Canada states that light precipitation has been fairly general over most of the Prairie Provinces in Canada, but that more moisture is urgently needed to insure good germination of growth of crops to be planted. Both surface and subsoil conditions are poor. They further point out that a severe plague of grasshoppers might be expected in southern and central Saskatchewan and Manitoba. Apparently the grasshopper plague operates in a cycle, and this seems to be the time according to such calculation for heavy infestation. We have seen occasions when great damage has been done by these insects, but undoubtedly new chemicals and methods of control are now available, which were unknown in past years.

There was considerable liquidation in all pits this morning, particularly in May wheat. Brokers with Northwest connections seemed to be large sellers of May vs. the purchase of new-crop months and while this in itself should not have led to any particular weakness, think much of the May wheat was bought by locals who later when they attempted to liquidate found very little support under the market. A marketing forecasting agency had also advised earlier the sale of most cereals, although this we do not believe was the market factor. Markets showed recoveries from the lows of the day. We understand there was a somewhat better flour demand but not of any large proportion.

Primary receipts of wheat today amounted to 870,000 bu compared with 1,023,000 bu last week and 1,232,000 last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 482,000 bu.

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CHICAGO MERCANTILE EX.

April 29, 1949

A blast was let out from Washington with the request that the Secretary of Agriculture investigate what is termed "a planned raid" on the Chicago commodity market. Again, as has been the case so many times in the past, an attempt is evidently being tried to make the Chicago Board of Trade the scapegoat and the whipping boy for every price fluctuation that takes place. Nothing is mentioned about studying underlying conditions. To the best of our observation in all pits no such raid had been promulgated, and in fact, if one studies the volume of trading yesterday, the net open interest in wheat increased 65,000 bu, and in May wheat, from which the weakness in all pits stemmed, the open interest increased 176,000 bu. Spreading operations seemed to have been rather heavy, selling May and buying more deferred months. Normally spreads have very little effect on markets, but the May situation has been extremely volatile and the main cause has been the virtual corner which the government has in cash wheat. Due to the loan program and purchase agreement, heavy supplies have been withheld from the market, and tomorrow, April 30th, it is assumed that the government will come into possession of large supplies of wheat due to defaults on loans. Furthermore, purchase agreements, which are still effective for another thirty days, act to keep other supplies from coming into trade channels. Practically every day the CCC has had a supporting price in the cash market. If those who were speculatively long received any encouragement, it was from the government program. The fact that no interest is expressed in cash wheat at the moment beyond today has led to a more confused feeling. Unfortunately, as is so often the case when markets are artificial rather than based on supply and demand, the balance wheel is missing. No one logically can enter into any distant cash transactions, not knowing the government policy. In normal times when private trade handled the export business, many sales would have been consummated by this time for new-crop wheat with the protection of purchases in the futures market - this is entirely lacking. Everyone is almost on a day to day basis without knowing what tomorrow will bring forth.

Opposition to the administrations new farm program continues to come from the American Farm Bureau Federation, and Mr. Kline, President of the organization, again spearheaded the attack when he appeared before a Congressional Committee yesterday and rejected the proposed program as being diametrically opposed to our free enterprise program. Apparently he and his organization still feel that we should have a sliding price support beginning in 1950 as suggested in the Aiken Law. In looking at the situation objectively, the original 90% loans were granted during the war to encourage the production of foodstuffs for this country as well as for our allies. It was then extended for two years in order to give the producer an opportunity to adjust from a war economy to a peacetime economy. Then another year's extension of the 90% loan was granted, and apparently the thinking in some quarters is still in favor of high supports or of large subsidy payments.

Weather throughout the grain belt was mostly fair the past twenty-four hours. There are some indications of possible showers in the Northwest. Canada still remains dry, and according to Sanford Evans' statistics, rainfall in three Prairie Provinces since April 1st, has been decidedly below normal with the exception of the northern fringe of Manitoba and Saskatchewan as well as the Peace River district. From April 1st to date, rainfall in Manitoba has been .23 inch against a normal of .82 inch. Saskatchewan has had .30 inch of rainfall against a normal of .66 and Alberta .37 against a normal of .75 inch.

Primary receipts of wheat today totaled 1,453,000 bu vs. 1,227,000 bu a week ago and 1,024,000 bu the comparable day of last year. Kansas City and Minneapolis stocks show a net decrease of 814,000 bu. When the visible is posted on Monday it will be compared with a decrease last year of 1,686,000 bu.

Flour business seems to show some pick-up although bookings are still scattered. There again was evidence of selling of May wheat vs. the purchase of more deferred months. Pressure seemed to be on the nearby deliveries of all cereals, and apparently it has been the case regardless of whether supplies are free or impounded, they are in the show window and have a reactionary influence. Corn loans and purchase agreements to the end of March are given as approximately 296 million bu, of which 243 million is accounted for by loans.

The five-day outlook for the northwestern states seems to indicate some showers and thunderstorms Friday and Saturday but rather light precipitation.

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CHICAGO, 4

May 2, 1949

There had been quite a little moisture over the week-end. It was not needed in the Southwest, and it is seldom that at this time of year one can make such a statement. Even in the corn belts there was no particular anxiety, but the important places where precipitation fell were in North and South Dakota and in Minnesota. Several points claimed almost an inch of rainfall. After the opening we also had advices of light showers in north central Saskatchewan, and heavy general showers in the northern part of Manitoba, which, of course, are extremely welcome as the spring wheat territories on both sides of the international line have been complaining of a drying condition. The relief is by no means general, but at least it is a start, and from that point of view was regarded optimistically.

Markets opened barely steady and there were moderate declines until it became known that CCC was not completely out of the market, and in fact, at Kansas City they seem to be interested in buying wheat at 27 1/2¢ over the Kansas City May future with a maximum futures price $2.06, shipment by May 10th, and 3¢ higher FOB vessel by middle of the month. There were also intimations that purchases might be made through the Chicago and Minneapolis Regional Offices, which immediately had a stimulating influence on the May deliveries, which heretofore had been quite indifferent, as there was considerable speculation as to whether the government buying program would continue after defaults had been made. Nobody knows yet with any degree of certainty just how heavy these are apt to be, and in any case it may take several weeks to tally the figures, particularly since there is so much wheat involved in almost every part of the country, but yet it is probably fair to assume that a large part of the probable carryover will finally be in government hands.

As far as crop news is concerned, there are no reports to indicate any deterioration. As a matter of fact, the Santa Fe Railroad report gave a favorable picture of conditions, estimating 250 million bu for Kansas, which is an increase of about 5 million bu over the government report of April 1st. Oklahoma apparently has a chance, not only to exceed the last official report of 102 million bu, but might produce a record crop with average conditions from this time forward. They also figure about 100 million bu or more for Texas, depending on weather conditions during the next few weeks. The official April estimate was for a crop of 99 million bu. Even Colorado, which started out poorly, now has a prospect of 47 1/2 million bu compared with the government forecast of 42 million bu. Thus there is every reason to suppose that the supply outlook will be quite different two months hence, but for the time being there does not seem to be much pressure.

During the forepart of the session, Senator Thomas explained a bill that he intended introducing giving greater coverage to the Commodity Exchange Administration to regulate markets not now included in the present law. It would also empower the Secretary of Agriculture to control margin requirements on speculative trading, and would give the Secretary power to require the grain markets to permit multiple delivery similar to the system already in effect on cotton.

When the visible supply of wheat was posted there was a decline of 2 3/4 million bu, leaving total stocks in all positions nearly 90 million bu, or about twice as much as we had on hand last year. Corn stocks decreased 2 1/2 million bu, now totaling 14 million bu, or 6.6 million bu more than a year ago. There was a slight decrease in oats, but total stocks are only about 3 million bu compared to less than 1 1/2 million bu last year.

Markets were rather quiet today; there was no particular trend, and certainly not much feature. Most cereals took their cue from wheat, and at one time we had a rather sharp bulge in May wheat, but apparently the trade is beginning to realize that even though there may be some government buying from time to time, no user of wheat or flour will want to carry more into the next crop than is absolutely necessary. The knowledge that prices will be much more reasonable later on is a restraining influence. The Southwestern Miller said that domestic business was starting the week off at a slack rate. True, Italy is inquiring for two cargoes this afternoon, and possibly some other export business is likely to develop, but on the whole the buying seems to be mainly from hand to mouth.

There is still 15.7 million bu open interest in May wheat, with less than 1/2 million bu wheat here of contract grade, but there is some possibility that our stocks may be replenished by shipments from outside sources.

Bookings of corn were not heavy, but even the good-sized decrease in the visible supply failed to instill much speculative interest in that cereal.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 May 3, 1949

There was nothing particular in the weather news overnight, nor does the tenor of grain information change a great deal from day to day. It is still mostly dry in our Northwest, but even more severe complaints are coming from Saskatchewan, where apparently some seeding is being held up, and elsewhere germination is not progressing properly, although we continue to feel that it is still early. As for Southwest conditions, while not uniform, they still show that by far the greater areas are in wonderful shape, and according to one of the private experts who gave his estimate this morning, the acreage standing for harvest is the largest on record, abandonment having amounted to only about 7 1/2%. There were some more reports this morning calling attention to a particular strip of wheat in the State of Nebraska. This is the fifth or sixth time that publicity has been given to the same issue, and while we sympathize with the people in that area, we, nevertheless, must point out that it can make no material difference in the final outcome of the winter wheat crop, as it is too unimportant in relation to the whole. Also, as the one crop expert points out, these losses in eastern Nebraska have been more than offset by upward revision in the indicated yields of Kansas, Texas, and Oklahoma. Very likely the land affected will be used in the production of other crops.

When our market opened this morning, net changes were rather unimportant in the various pits, but it is apparent that while the government is not an aggressive buyer of old-crop wheat, nevertheless, the very fact that they are willing to take it at some price is a sustaining influence, and as a result the nearby month has been gaining a little, while the reverse was true lately when many had considered it possible that no further federal support might be forthcoming. In any case, it injects more guesswork into the market than ever before, as most analysts are convinced that wheat is probably selling 50¢ above its merit and that only government buying is responsible for the present comparatively high level. Some years ago, Standford University in their Wheat Studies pointed out that with the exception of the year 1931, when the May future was pegged, the July future had always gone to a premium over May when the carryover on July 1st was over 150 million bu. This was written about elevenyears ago, and, of course, some allowance would have to be made for the increased domestic consumption and our larger population, but by the same token, we feel assured that with the wheat reserve estimated to be close to 300 million bu, there would be no earthly reason for the big premium of May wheat over new-crop deliveries, except for artificial factors. The inverse carrying charge is, of course, due very largely to the heavy defaults which have gone into government hands, and the further possibility of outright buying before the next harvest. However, with a billion-bushel winter wheat crop facing us, the next question pertaining to later carrying charges will likewise depend on the continuation of artificial controls, or the loan, which is again apt to impound tremendous quantities of grain, especially as price levels are considerably beneath the likely loan for the 1949 crop.

Trade was somewhat surprised in view of the general decline in the business cycle and in many commodities that parity for April did not show any change from the previous month. On the assumption that we do not have a drastic change during May or June, chances are that next summer's loan will not be appreciably lower than the previous one; but the trade has already learned that the loan itself is not always effective, and even now in corn this truth is demonstrated.

The Department of Agriculture announced yesterday that support price for the 1949 oat crop would be at a national average of 69¢ per bu; on rye, $1.27; barley, $1.09; and grain sorghums $2.09 per cwt. These are farm prices, and are figured from the April 15th parity. The support price of oats is only 1¢ less than on the 1948 crop; on rye 2¢ less, and on grain sorghums 22¢ per cwt less.

Primary receipts of wheat today totaled 1,569,000 bu vs. 1,887,000 bu last week, and 1,537,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 29,000 bu.

Purchases of wheat in the Southwest by the CCC were almost nil, totaling 25,000 bu for the period ended Monday noon. Their price this morning was 27 1/2¢ over Kansas City May, basis the gulf, but with a maximum price of $2.35. Flour business continues at rather low ebb, and outside of purchases by Italy not a great deal of interest is shown at the moment by exporters, although it is expected that within a few days the Netherlands and Norway may be in the market.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 4, 1949

There was nothing in the weather news overnight, although it is likely that some rains will visit South Dakota and the southern portions of North Dakota during the next twenty-four hours. However, chances for a fair break-up are not very good, nor is there any precipitation of consequence indicated for Canada. Thus the spring wheat areas are still in doubt, although during the past week moisture was fairly general in the eastern half of North Dakota, also some light rains in western Montana--maybe about 1/4 inch, but these did not get east as far as Havre and Great Falls, Montana; the balance of the State continued dry. There were some showers in western North Dakota but the eastern part of the State, and the Red River Valley received some very nice rains, so that the trade at least is optimistic enough to feel that there may have been partial relief, although mindful of the fact that what we need now is a good, soaking, particularly as seeding operations draw to a close.

When our market opened this morning prices were rather firm. We doubt whether too much attention is being paid to conditions in the Northwest for the reason that a bumper crop is almost assured for winter wheat, and according to recent estimates the outlook is probably even a little better than was indicated by the last government report. The State of Texas has a slightly larger seeded acreage than Oklahoma and may raise anywhere from 110 to 125 million bu if given average weather from this time forward. This State has shown phenomenal progress during the past ten or twenty years, and at one time the land was considered semi-arid, and a great many experts doubted whether they could ever raise over 100 million bu; in fact, we can recall the time when 40 million was considered most optimistic. The first run of wheat in Texas may be expected during the first half of June, and we understand that the CCC is trying to make provision for getting grain out of the country elevators and into terminals in order to avoid congestion as much as possible. Fortunately, Texas does not have as much wheat back in the country as some of the other States, but, of course, with a total carryover of 300 million bu, many of the terminals are pretty well filled, and a billion-bushel winter wheat crop soon to be harvested compares with average production of only 740 million bu total production in the ten years prior to the war. Better farming technique and machinery together with improved fertilizers have done much for agriculture. We recall the time when about one out of three persons in this country lived on the farm. Actually in 1910 when our population was 92 million, there were 32 million persons on farms, although in 1947, with a population of 143 million, there were only 27 1/2 million residing on farms, showing that it takes less manpower to produce the ever-increasing crops which this country is now turning out.

Primary receipts of wheat were rather light, amounting to 456,000 bu compared with 567,000 bu last week and 652,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 114,000 bu.

CCC purchases Southwest yesterday were heavier, and through the Kansas City Regional Office 625,000 bu wheat was purchased. We are getting somewhat better reports of crop conditions in Europe. Apparently recent rains have been of benefit, at least the threat of deterioration has been stemmed for the time being. France, however, needs more rain, and the crop will probably be smaller than last year. Germany has a reduced acreage, but the recent moisture has been of some help. Southern Italy also had beneficial rains and the crop is now regarded as mostly satisfactory. The outturn may even exceed last year's.

The weekly crop reports pretty well confirm what has already been known. The Nebraska report states that sunshine and high winds had dried out the topsoil, but the situation has been relieved by precipitation, and winter wheat in the southern Panhandle and western portion of counties bordering on the Nebraska-Colorado line is disappointing, and not up to expectation. The Kansas weekly report states that timely rains and warm weather resulted in almost perfect growing conditions for winter wheat. In Iowa, some corn has been planted, but the real seeding does not take place until around the 10th of this month.

There was not a great deal of feature to our market; the government being in control of the major portion of the carryover is leading to a tight cash situation, but on the other hand, the prospect of a billion-bushel winter wheat crop is beginning to cast its shadow.

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CHICAGO, 4 May 5, 1949.

Lifting of the blockade was regarded as a great forward step in ironing out some of our difficulties abroad, although it had very little influence on the grain market for the reason that it will not affect in any way our export program.

Overnight weather was closely studied. It seems that showers and thunderstorms have been quite general over Kansas, Oklahoma, the Texas Panhandle, Nebraska, and South Dakota, with some precipitation also in south central Minnesota, but there is still no relief in other parts of the Northwest. However, there were light rains in southern Alberta and showers are now predicted. The trade feels that the winter wheat crop is almost assured and certainly the early districts will hardly require further moisture to maintain present standards. Therefore, if we get a billion bushels or more in the winter wheat states, some reductions in spring wheat may not be too important, although, of course, Canada will be more of a factor, and conditions up there will bear close watching for the next few weeks. Texas wheat will probably be moving in fairly good volume by June 10th, but, of course, much will depend on the quality of the wheat. If it is dry, farmers may decide to keep a larger percentage back on farms and to take the loan, but if it is moist unquestionably movement to terminals will be big.

When our market opened this morning, there was not much feature, but shortly afterwards word came from Kansas City that CCC was bidding 27 1/2¢ over their May future for gulf wheat, shipment by May 16th, and since our May wheat trading stops on the 21st of May, this occasinned some short-covering on the theory that we might still have a rather tight situation. It remains a question as to how long we can go ahead with all these artificial factors. The demand for social welfare is growing at an alarming rate, and apparently little consideration is given to our finnancial capacity, nor even to the strain on our economy. As the New England Letter, printed in Boston, points out, if this question had been objectively examined and the true facts presented to the public, there would not now be the clamor to get something for nothing. They say that even a cursory investigation would have shown that social betterment premiums must in the long run be paid for by the recipients. Taxes now represent about 25% of the national income and are in the danger zone. Any further increase at this time when business is slackening might well plunge the country into a serious depression. In other words, to finance projects through deficit spending would add to the staggering federal debt which already amounts to $6,291 per family compared with $1,195 per family in 1939.

Primary receipts of wheat today were a little better and amounted to 1,259,000 bu compared with 870,000 bu last week, and 1,032,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 938,000 bu.

There was only moderate activity in our market but the trade is sensitive and alert to any changes, particularly those with respect to government activity. While the recent purchases of the CCC have not been very heavy there is still a certain amount of nervousness as to the outcome of May wheat. The nearby delivery at Kansas City became very strong which influenced some short covering here. In a general way, sentiment still is about the same and the feeling is that anyone who takes delivery of wheat in Chicago does so at a very high price as compared with the new crop futures, but apparently some of the mills are long May wheat, with the expectation of getting better protection until cash wheat is purchased than if they were long July or September contracts. However, the strength in May did not have much influence on later deliveries, and in fact, without much pressure July, September and December wheat reacted from moderate rallies, thus widening the difference with relation to May. Most flour buyers are still reluctant, and, therefore, the new bookings are extremely light.

There was not much feature in corn either, and many people are pointing out that even with fairly large quantities impounded and probably more still going into the loan that the market has given a rather disappointing account of itself.

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CHICAGO, 4

May 6, 1949

There was considerable moisture overnight but it was confined largely to districts that were not particularly in need of precipitation. Heaviest rainfall occurred over sections of Kansas and Nebraska, with a little additional moisture in the Texas Panhandle, which almost assures the crop without much more rain needed until harvest time. Showers also fell over portions of South Dakota and Minnesota and 3/4 inch of rain was reported at Fargo, North Dakota and at International Falls, so that there was relief in the north valley, but apparently a much more general rain will be necessary before there can be complete optimism. The five-day forecast for North and South Dakota indicates average seasonal temperatures but rain averaging less than one-tenth inch, with scattered showers and thunderstorms by Tuesday evening or Wednesday of next week.

With this condition and the uncertainty of May wheat we had somewhat higher prices when our market opened. A little later it was reported by the Northwestern Miller that CCC officials would not sell wheat that they acquired through defaults below cost price plus carrying charges. Since we do not know just how heavy defaults have been, it still leaves us somewhat in the dark. Although we understand that there may be some sort of announcement later today, and it is possible that the government has tallied figures that will tell us how much wheat has come into their possession. Our own guess is that there may have been 225 million bu involved in the loans, but then it still leaves an additional quantity under purchase agreement which does not have to be redeemed until end of the month. With the advance in price, and with premiums pretty well maintained, undoubtedly some of the latter wheat may have gone back into commercial channels, but in any case May wheat both here and at Kansas City was influenced by the possibility of a tight situation unless prices remained fairly high. There was some short-covering, although as the differential between May and July widened apparently there was also profit-taking by those who may have been playing the constructive side of the spread.

CCC announced that there had been no purchases made in the Southwest yesterday, and today intimated that they would pay about $2.38 for wheat in store at Galveston, which at the time was about 24¢ over Kansas City.

There has been no mention lately of the statistical situation in Canada; therefore, we call attention to the fact that since last August exports of wheat and flour have amounted to nearly 149 million bu, or approximately 10 million bu more than during the same period a year earlier. This means that there is still available for export and next carryover (or during the next thirteen weeks) 170 million bu vs 135 million in 1948. Thus it looks as though reserve stocks at the end of the season would be heavier, but as an offset the crop is apt to be poorer unless they get good moisture in the next ten days or two weeks. The Canadian Pacific Railway estimates wheat acreage for the provinces at 24.1 million acres against 23 million in 1948. Earlier it was thought that the increase for this year might be greater due to diversion of flax and rye to wheat. This authority states that fall and winter precipitation was below normal; also, that surface and subsoil moisture now in the ground indicated the need for adequate rains within a reasonable time. Seeding is reported much earlier than usual, with 32% completed in Manitoba and 37% for Saskatchewan and Alberta.

Primary receipts of wheat amounted to 1,162,000 bu compared with 1,453,000 bu last week, and 1,281,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 291,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease a year ago of 948,000 bu

We hear nothing further about Secretary Brannan's subsidy program, on which he has thus far failed to place a price tag, but it is our view that if anyone feels that money can be indefinitely obtained by soaking the rich, that he had better look toward other revenue-raising schemes. Actually the amount that can still be taken from the upper income groups is relatively small. In fact, if every cent of income after taxes of those receiving $25,000 a year and over were appropriated, the aggregate would be around $2.4 billion, or an amount sufficient to pay the current bills of the Federal Government for only about twenty-one days.

The main feature was the strength in May wheat, which had a sympathetic effect all around. Coarse grains were particularly strong.

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CHICAGO, 4 May 9, 1949

At this time one cannot be too sure of the world wheat picture in general, because the outlook for European production is not too promising, and at this early date moisture conditions in Canada are very poor. Argentina, of her own accord, does not compete actively in world markets, and because of internal complications are raising very small grain crops. Even though United States spring wheat is not getting off to too good a start, the outlook for winter wheat in the Southwest is so exceptionally good that it seems we are bound to have a large over-all production. Over the weekend there was quite general and substantial rainfall throughout the Southwest. Reports of moisture in our Northwest and Canada are lacking, and the forecast does not suggest any immediate change.

CCC is moving interior grain which was defaulted to them on the 1948 crop loans, with various markets reporting actual receipts of grain, and others having advices of shipments to them. Some soybeans arrived in Chicago today from various origins, and Nebraska wheat is headed this way. Various statements emanating from Washington affirm that CCC will not sell this wheat at less than acquisition cost, which is one of the three conditions they imposed on themselves several months ago, the other two being 90% of parity, or half-way between support prices and parity, which are the conditions set forth in the Aiken Law not effective until 1950. It seems that they will exchange grain now held for grain in other positions where it would be of benefit to the CCC by putting grain in export or better storage positions. This, of course, refers only to old-crop grain.

At the opening of the futures market this morning, there was 14,913,000 bu of the Chicago May delivery future open after only moderate changes recently. Saturday it decreased 393,000 bu.

During this week it is expected that the interim wheat loan will be announced. Adjustments might have to be made later to conform with any changes in parity, but this at least would inform the trade of any change in differentials between markets -- whether the Chicago price will be 5¢ over Kansas City or a more realistic premium to reflect the large rise in freight rates of recent years; also, to reflect the terminal loan differential of farm loans with consideration being given to the freight rate increase since a year ago.

Official figures of distribution on corn for grain only disclosed that in the first six months of the crop-year, October through March, we exported about 63 million bu compared with 4 million a year ago, and 39 million two years ago. Uses in wet processing amounted to 60 million bu against 58 million last year, and 73 million in the 1946-47 season. The amount used for alcohol was about 17 million against 14 million last year, and 34 million two years ago. Over-all uses, including feed were 1,656 million, which was 116 million larger than last year, but 109 million less than two years ago.

The corn planting season is getting under way and recent weather has been favorable to work the soil for planting. Planting in many cases awaits the borer-free dates. Advices from Argentina, which is usually the largest corn exporting country, are that the crop which they are now gathering is about 197 million bu, or somewhat smaller than earlier anticipated and compares with 225 million bu last year. From that they exported 80 million bu, which is very small compared with pre-war years when they had much larger acreages, and freely competed for the export business. In the 1931-32 season they shipped 383 million bu, and every year in the decade prior to the war they shipped no less than 200 million bu. Except for some favorable barter deals which they make direct with other governments, the outlook for sale of this corn is not good.

Primary receipts of wheat at 1,773,000 bu were about equal to those of last year, but 650,000 bu more than a week ago. The visible supply decreased 2 3/4 million bu, leaving total stocks of 87 million bu, or 44 million bu over last year. Chicago now has 1,192,000 bu total wheat stocks, and 2,133,000 bu of corn. We have about 6 1/2 million bu of all grains in store, but it is thought that CCC might move considerable loan-defaulted grain here, as they are endeavoring to make as much elevator space available as they can for the new wheat crop harvest in the Southwest.

Wheat and corn prices are not changing greatly, as there is such a large supply of both with the good new-crop outlook, so that regardless of who owns the grain they continually threaten prices, even though through various methods the government tries to hold values up.

UHLMANN GRAIN CO.

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CHICAGO, 4 May 10, 1949.

There was no moisture to speak of in the Northwest and none in Canada. For that reason there is a little more apprehension with respect to the spring wheat crops, particularly as the season is now becoming late. We do not mean to infer that it has been completely dry because some sections have had relief, as we indicated from time to time. For example, the Occident Elevator Crop report, issued today, stated that their rains of a week ago are now reported in detail, and that most of their North Dakota stations had received at least some of that moisture and very few sections as much as 2 inches. However, subsequently there has been no precipitation to speak of, although where the heavier rains occurred conditions seem to be very favorable. Yet in eastern and central Montana it is extremely dry; therefore, good rains are needed almost at once. According to Occident, there were a few days of heavy winds but temperatures as a whole seem to be more seasonable. Winter wheat there is reported as very spotty and a thin stand generally. Thus we would be confronted with quite a different outlook than was anticipated a few weeks ago, although with a billion bushels in prospect for winter wheat, we do not believe that some deterioration in the Northwest would be too important. However, a failure crop in Canada might bring a much heavier demand for U. S. grain, particularly since the European crops are not as favorable as last year; thus it is difficult to tell at this time just how much we shall be able to export during the coming season.

There were some reports early that two vessels had been chartered from Duluth to Chicago, apparently to bring wheat here, but we have been unable to confirm this report, although for a time it had a little depressing effect on the nearby delivery even while Kansas City showed great strength. We presume that there are some interests outside of the trade who may stand for delivery Southwest, and possibly one of the governmental agencies has wheat bought so that the seller will stand for delivery, which is virtually the same as if futures were held by CCC or the Federal Crop Insurance Company, whichever agency is involved. In any case there is still 14 1/2 million bu in the open interest of our May wheat, with only ten days yet to go. Consequentl,, we are bound to have rather erratic markets, particularly with the small quantity of wheat in our contract supplies.

CCC was bidding about the same basis as yesterday, but we doubt whether they are very anxious for supplies. As a matter of fact it is difficult to see any reason, with the heavy defaults, why grain should be purchased now except to support the market, especially as new wheat can be had within the next four or five weeks at great discounts under prevailing levels.

We understand that Australia sold 60 million bu wheat to Britain, part of it to be shipped in the form of flour. Exports from that country during the past fortnight were 5 1/2 million bu, bringing the total since January 1st to 39 million bu compared with 50 million bu a year ago. Seeding of new-crop wheat is under way with soil conditions favorable, except some areas which recently reported a partly deficient moisture condition.

Primary receipts of wheat were a little heavier and amounted to 2,171,000 bu compared with 1,569,000 bu last week, and 1,841,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 10,000 bu.

After mid-session there seemed to be a better undertone to the market. Corn was quite strong, and with the visible supply decreasing, it was quite natural that the nearby future should be quite strong. As a matter of fact, there are only ten days left to trade, with still 13 1/2 million bu open; the same is also true in wheat, with 14 1/2 million bu open for the May delivery, which possibly suggests that we may have very erratic markets before the expiration of these futures.

Probably more attention was paid to the dry weather Northwest, although reports were not entirely pessimistic. In reading the Peavey Elevator weekly statement, they talk of some precipitation, which was heaviest in eastern Dakotas and western Minnesota, and claimed at the present time surface moisture is ample, although additional rainfall would be helpful in northwest North Dakota, and central South Dakota, as well as south central Minnesota. Wheat seeding is nearly completed in all districts, but we presume that until there is a good soaking rain nobody can feel too composed.

UHLMANN GRAIN CO.

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CHICAGO, 4

May 11, 1949

Until 1929 there was never any government interference in agriculture and very few controls in the nation's major commodity markets. There were no subsidies paid to the farmer, and while he was left entirely to his own resources, he did very well for himself, despite some agricultural depressions that occurred from time to time. When prices were low, land was neglected, acreages were reduced, and gradually accumulated stocks decreased. Prior to 1897, wheat sold for a time at very low prices but following a short crop, there was a good recovery, and for a period of sixteen years, up to the beginning of World War I, price levels were entirely satisfactory to producers; in fact, to such an extent that acreages were continually increased and our export markets improved. Surely this would not have been the case had farmers not been able to produce profitably, and one must, therefore, conclude that raising wheat brought satisfactory returns. The real difficulties started after 1929, when we artificially withheld surpluses from commercial channels; in fact, it took four major droughts to get our reserves down to a satisfactory level. Even during that period our dollar was devalued in a general effort to stop the deflationary trend. Later on, when prices again became unrealistic, accumulations of wheat increased, tremendous quantities went into the loan, and by 1942, we had a carryover of 632 million bu, almost three times the normal, which was almost duplicated at the end of the following crop-season. In our opinion only war prevented great difficulties at that time, but the vast export program during the post-war period brought us relief, despite the billion-bushel wheat crops we have had now for the past five years.

After about twenty years of experimentation, which has worked such hardships on the grain trade, there is almost tacit admission that all these schemes have failed. Secretary Brannan's plan of paying $5 to $6 billion to farmers to augment their income above supply and demand levels is an indication that it is no easy matter to favor one segment of our society in a Democratic country without finally having a day of reckoning. We admit that through marketing quotas or acreage allotments, some relief may be afforded; furthermore, there will be periods of drought that will decrease our agricultural output. But apparently no permanent or satisfactory solution has yet been propounded to keep prices at artificially high levels. One must still admit that if we are to have agricultural relief programs, they should be aimed at preventing disastrously low prices rather than to attempt to assure producers extraordinary income, which must finally create unwieldy surpluses such as we have recently had in potatoes.

Yesterday's government report confirmed the fine outlook for winter wheat but indicated a rye crop of only 21 1/2 million bu, almost a failure yield compared with about 35 million bu the ten-year average. We used to figure formerly that when about 40 million bu rye was raised, approximately 10 million bu was needed for seed, 10 million bu for bread, 10 million bu for spirits, and possibly 10 million bu for export, thus constuming about all that was raised.

Primary receipts of wheat were smaller, and amounted to 890,000 bu compared with 456,000 bu last week, and 827,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 92,000 bu.

Not too much attention was paid to an item originating in Washington, claiming that the Department of Agriculture was expected momentarily to announce a program to reseal for one year farm-stored wheat and corn placed under the 1948 price support program. Officials said they would pay farmers a storage rate comparable to the rates at country elevators as an incentive to keep the grain on farms. It did emphasize, however, the surplus reserves, despite the fact that dry weather still prevails Northwest and there seems little likelihood of immediate relief. Nevertheless, the weekly summary for Minnesota talks of rainfall that was light to moderate in extreme southern counties, while elsewhere it was heavy to excessive. Timely and beneficial rains, they pointed out, had greatly improved the agricultural outlook, and that seeding of most small grains had been completed except in the extreme northern counties. There are portions of the corn belt now complaining of dry conditions, and everyone would like to see a good soaking rain.

Best prices in wheat were not maintained, but the close was very firm, with July wheat gaining on the deferred months. Corn was quite indifferent.

UHLMANN GRAIN CO.

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CHICAGO, 4

May 12, 1949

There was no special news overnight but the trade is still confronted with the same factor: namely, of dry weather in our Northwest. There is not much chance for real relief, although a few scattered showers here and there are likely, but it is felt that a good, soaking rain is needed in order to give us an average crop. We have not given up hope that there may be some correction within the next few weeks, and in fact, we recall that last year the outlook for spring wheat was very pessimistic even as late as early July when temperatures were hovering around the 100 degree mark, and when reports stated that it was too hot as most grain was in the blossom or milk stage. One very reliable authority pointed out that the following two weeks would probably decide whether we would have a fair crop or just half a crop. We also recall last year that conditions Southwest were anything but favorable, and on May 22nd, one firm made this statement: ''If we are fortunate enough to receive some good rains in the next few weeks, we think Kansas still has a chance of raising 125 million bu wheat this year.'' Everyone knows that the crop turned out ever so much better, and, therefore, it is well to bear in mind that it is not advisable to give up too soon. We are still getting extremely favorable reports from the winter wheat belt, and while something might still happen to reverse the trend, it looks very much as though that crop were assured even if weather conditions were only average from this time forward. One of our men traveling through some of the largest territory of Texas reported that even grain which earlier looked poor now has a fair promise of producing 75 to 80% of what it did last year, while elsewhere and in the better districts moisture has been so general that it is probably felt that the government report for a probable yield of 127 million bu has a good chance of being fulfilled.

With this type of news, speculative trade is not particularly active. There are too many artificial factors surrounding the market to give much confidence of a sustained trend in either direction. Wheat would undoubtedly be selling for much less money except for the loan, but the latter is bound to be an influence after the next harvest. Many of the farms in Texas are still small, but whether the grain will be held back in the hope of getting a loan or on storage later on is still a question. Many people feel that if the crop is dry, farmers will take the risk of piling some of their wheat on the ground. However, a billion-bushel output is so tremendous that not all farmers will act in unison. We have already seen that in corn during the past year when we raised a banner crop. However, corn lends itself more to being stored at home than does wheat. The best place for the yellow cereal to dry out is in the cribs near where it is grown. Wheat has always moved to market in heavy volume, while 85% of the corn seldom leaves the county in which it is grown, because it is used extensively for feed.

All this makes it more of a speculation than ever before. Should anything happen to reduce the Canadian crop to small proportions, naturally our government would find it advantageous to ship heavier than had earlier been intended. In any case we believe that there is a good chance that the carryover reserve one year from now will be larger than the reserve presently built up.

Since the issuance of the 21 1/2 million bu estimate for our rye crop in the May government report, more attention has been paid to the trading in this cereal. Such a quantity would suggest further curtailment in the country's various uses unless we could continue to import from Canada. Meanwhile that country with a poor outlook for all grain crops in the Prairie Provincescannot be counted upon to continue to supply us with imports. They still have a sizeable stock from last year's bumper crop, but customarily they do a certain amount of export business to European countries. This year, Argentina has a small crop, so it is likely that Canada will be relied upon to fill some needs.

We note that the ECA has granted $8,130,000 for rye to be delivered by June 30th. This would pay for a considerable quantity of rye, and therefore, in today's market it was looked upon as a further support measure. The rye would be shipped to bi-zone Germany.

All during the 1948-49 season rye prices were dominated by the large Canadian crop, and we were continually on an import basis, which was a detriment to our price structure, keeping it at a much bigger discount under wheat than normal.

Primary receipts of wheat were 1 1/4 million bu, almost the same as last week, but compares with 1 million bu corresponding date last year. Stocks of wheat in Kansas City and Minneapolis have changed very little so far this week,

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CHICAGO, 4

May 13, 1949

While there has not been the greatest market activity in rye, nevertheless, this cereal has shown more pronounced strength than any other cereal during the past week or ten days. Following the crop report in this country that we might raise only 21 1/2 million bu, which is virtually a failure crop, came news last night that the Canadian acreage was going to be severely cut to a little more than a million acres. This brought to mind that there probably would not be the possibility of importing from that country, as was the case during the current season. There has been a steady decline in rye acreage in this country, probably due to the fact that other grains and flax could be produced more profitably, and with the low price in Canada apparently attention is being devoted elsewhere. We find that the intended Canadian wheat acreage is 12% greater with almost 27 million acres sown or to be sown, including winter and spring wheat. This compares with only 24.1 million a year ago. However, Canadian moisture is very deficient, and there was a decline of one point during the week, so that total moisture condition for the Provinces is now estimated by Searle Grain Co. at 60% of normal against 61% a week ago and 121% a year ago. Thus we might have a very acute condition to reckon with unless relief comes rather quickly. In response to this news and a rather dry condition Northwest, with only a few light showers here and there, hardly enough to cover topsoil, feeling was a little bit friendlier. The five-day forecast for the Dakotas indicates only 1/4 inch rain on an average, which is certainly not enough to bring real relief.

Disappearance of oats during the first nine months amounted to 1,087 million bu. This was the third largest consumption of record, being about 4% above the same period a year earlier, and 6% above the average for the war years. However, the crop was big, and, therefore, stocks on April 1st were the second largest ever recorded, amounting to 606 million bu. Chances are that our carryover at the end of the season will range from 300 to 350 million bu compared with 184 million bu a year earlier. Despite fairly liberal export shipments of corn, which will be well over the 100-million bu mark by end of October, we expect a tremendous reserve stock in corn, probably somewhere between 700 and 800 million bu vs. only 125 million bu at the beginning of the season.

In view of all these conditions, the government is offering farmers the privilege of re-sealing some of their grain, thus giving them a return commensurate with storage at country houses. It was proposed by the House in considering the CCC Bill to loan farmers 17 1/2¢ per bu for construction of farm storage, the cost to be deducted from Price Support loans. The government will pay 10 to 11 1/2¢ per bu for wheat, 8¢ for oats, and 10¢ for barley, if farmers agree to keep last year's crops on their farms instead of turning them over to the government in satisfaction of loans. Thus, it can readily be seen that the inducements are great to keep the various cereals back in the country. Furthermore, this would be in addition to the 7¢ payment on wheat as storage since last harvest under the loan. No payments were made on oats or on barley. However, we mention all this to show the possibilities of artificial influences as compared with normal times when grain was raised to market rather than to hold in the hope of obtaining a better price at some future time.

Primary receipts of wheat amounted to 1,494,000 bu compared with 1,162,000 bu last week and 1,085,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 111,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease last year of 2.8 million bu.

The Department of Agriculture released today some data and statistics, and amongst other things, stated that: "Cash wheat prices are expected to remain near current levels until about harvest time; then decline to a low in July or August." They also pointed out that: "The first drop in 10 years was made by the index of farm real estate values from November 1948 to March 1949."

The deferred wheat futures were influenced by the strength in May, dry weather Northwest, and lack of pressure but May wheat was apparently being liquidated although the open interest is still large and amounts to about 13 1/2 million bu, with only 7 trading days left after today for the nearby future. Thus, there was considerable narrowing of the spread. Corn futures improved and there was even buying of the December delivery which, up to now, has been depressed, probably realization on the part of traders that it was far under the likely loan and that possibly a good part of the corn impounded might later be re-sealed. Beans were very

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CHICAGO, 4 May 16, 1949

Weather over the Northwest was disappointing and virtually no moisture was reported in the spring wheat territories on either side of the international border. However, it looks very much as though there might be some scattered rains in our Northwest, but our weather man is not forecasting too much; he thinks there may be some spots pretty well favored, while elsewhere precipitation may be inconsequential. There will, however, be heavier rains over the corn belt, and probably additional moisture in our Southwest where it has already been quite heavy. For example, there was more than 2 inches of rain in Hutchinson and 4 inches at Liberal that was not needed but in semi-arid districts it is always welcome even if not for immediate use, at least to be stored up as reserve. It had started to become rather dry in corn areas, and thus with the small acreage we have to have good average rains to make a crop.

Should farmers carry out their March 1st planting intentions, our corn acreage next summer will be the smallest in over fifty years. This year's prospective 84.8 million acres is 2% less than last year and compares with the ten-year average, 1938-47, of 90.5 million planted acres. So it can easily be seen that chances for a bumper crop, such as we had last summer, are hardly possible unless everything is perfect from start to finish. Of course, more extensive use of higher-yielding hybrid seed corn is a factor, but the trade is also confronted with the heavy carryover reserve which the BAE estimates will be 750 million bu compared with 125 million bu at the start of the season. Included in the total disappearance of 3,026 million is 120 million for export. The government estimates that the amount used for feed will be approximately 2,650 million bu compared with 2,304 million last year. In the same report the oat carryover is expected to be 320 million bu on July 1st compared with only 183 million a year ago. Thus there will be no shortages of feed grains, particularly with satisfactory pasturage, but it still looks as though tremendous quantities of corn would be impounded, and some may later be re-sealed. As of April 1st, only about 296 million bu of the 1949 crop had been placed under loans or purchase agreements, despite the fact that prices have averaged well under the loan rates thus far. With these abundant supplies, corn prices during April averaged 40% less than a year ago and about 23% lower than they were two years ago.

Not much is heard from Washington on future farm legislation, but the letter published by the Federal Reserve Bank of Chicago points out that vigorous talks and controversies continue with respect to the Brannan Farm Plan, calling attention to the fact that most farm groups and organizations appear to be either opposed to the program or wary of it. This authority thinks there is not much possibility at present that the plan will be adopted this year, although well informed Washington observers say that 1950 may see its passage with major modifications.

When the visible supply of wheat was posted, there was a decrease of nearly 1 million bu, cutting the total to 86 1/4 million bu, compared with only 40.3 million last year. Corn decreased about the same, but total stocks are down to 12 million bu, which is only 7 million bu more than a year ago, and certainly not much in view of the record crop which was raised. The oat visible increased slightly, but yet there is only 2.6 million bu in all positions compared with a little over 1 million bu last year. Changes at Chicago were relatively unimportant all along the line.

Little attention was paid to the tornado in the Amarillo, Texas, district. Our advices are to the effect that the storm was confined mostly to the city, but that little damage was sustained by crops in the surrounding territory. However, the high winds disrupted phone service; therefore, detailed information could not be had.

May wheat was relatively strong, and the open interest is still very large, so that everyone is guessing as to the outcome, but it is thought in some quarters that there may be deliveries, which by the end of the month may not be too desirable if cash wheat readjusts further as we get closer to the new crop. Cash premiums in the Southwest were somewhat lower, but CCC has extended its buying for shipment by May 21st, which naturally tends to make for an artificial condition. New-crop futures were at times influenced by the strength in May, but bulges failed to hold. With some deliveries of corn on May contract and a possibility for moisture there seems to be less interest in this cereal from a constructive point of view. Late Canadian forecast for moisture over the Canadian Provinces is more optimistic.

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May 17, 1949

The trade has been very much concerned with two factors: namely, the outcome of May wheat, and for that matter, the wind-up of some of the other May contracts, while almost of greater importance was the weather both in our Northwest and in Canada. Last Saturday, most of the experts had forecast moisture for the spring wheat territories, but there was disappointment yesterday although the overnight news was much more optimistic, and apparently the barometric pressure which had been low brought in a considerable amount of moisture with light rains in northern Alberta and Saskatchewan, and heavier rains up to 3/4 inch in central Saskatchewan. There were also light showers in Manitoba, with skies overcast this morning so that further precipitation is expected. We also had reports from our Minneapolis Office that there had been good rains from Minot to Fargo, with showers in central and western Minnesota. It seems to take a little more time generally to get the specific reports than is the case Southwest, as there are not as many private wires in that territory, but in any case one could easily conclude general relief, and far better than had been expected.

Thus when our markets opened, lower prices were registered, particularly in Canadian rye, with the Winnipeg market breaking 8¢ a bu during the first few minutes of trade, although there were recoveries. But all this tended to show that shorts were pretty well covered, and the feeling was not nearly so bullish as it had been during the dry spell. It still looks as though a large percentage of the receipts arriving at the various terminals is CCC wheat being transferred from the interior. On the other hand, some of the cars here in Chicago are not specifically designated for the account of Commodity, and possibly in Chicago one of the elevator interests is bringing grain here which will be tendered for delivery in satisfaction of May contracts. This, of course, throws the burden of proof a little more on longs, for the reason that only those who have immediate requirements for merchandising or processing of wheat will be interested in paying present premiums over the new-crop deliveries. Furthermore, with additional moisture in the Southwest, the winter wheat crop is practically assured. There was as much as 6 inches of rain with flood conditions in Fort Worth, which itself is not in the heart of the wheat territory, but farther West in the Panhandle area everything seems to be favorable, despite the cyclone which occurred yesterday around Amarillo. The forecast indicates more moisture Northwest, and the five-day forecast for the Dakotas suggests moderate to locally heavy showers and thunderstorms Tuesday night and Wednesday, with total precipitation 1/2 to locally one inch occurring mainly Tuesday night and Wednesday. It also appears as though there would be showers and thunderstorms tonight and Wednesday over the corn belt, with warm and humid weather prevailing, so that altogether these changes must make a vast difference in making prophecies for the future.

Primary receipts of wheat amounted to over 3 million bu, but some of this represents shifting of CCC stocks from the country to terminals; therefore, does not mean too much. Last week's primaries were 2.1 million bu compared with 1.1 million last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 10,000 bu.

The rains created a little more bearish sentiment, plus the fact that it looks as though there would be some wheat here for delivery before the end of the month. In the Southwest premiums declined further; in fact, outside markets showed sharper declines for the May delivery than we did here in Chicago, all of which shows that in spite of the vast government holdings, and the buying which they have done during the past weeks, that the large carryover and the big crop are making themselves felt. Artificial influences for a time have a bearing on the market, but in the end supply and demand is the dominant factor.

There was not much feature to the corn market, although with the small acreage it is essential that we have proper growing weather, and the trade enthused over the fact that some moisture probably will develop over the growing areas.

European crop conditions have not been too good, but the general situation has been improving, as the result of timely rains over wide areas. It is too early to gage the extent of this improvement, according to Broomhall, but nevertheless the outturn of wheat and other grains will be well above that anticipated earlier in the spring.

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CHICAGO, 4 May 18, 1949

The overnight news was highly satisfactory, It may be more rain than is needed in parts of the Southwest, particularly around Fort Worth where there have been floods; but there is an old saying in the trade that generally when bridges are washed away, wheat can be sold. It is very seldom that we get excessive moisture, particularly in many of the semi-arid areas where so often there is a deficiency. This is particularly true West of the 100th Meridian where often the annual rainfall is less than 20 inches per year. Therefore, to have moisture stored up in the ground is a valuable asset, and while much of it is not needed to mature the present crop, it should prove helpful in preparing the soil for next year. The important news, of course, during the past two days has been the complete change in the Northwest, including the Canadian spring wheat territory. Additional rain has been reported in the Provinces, and we feel that precipitation has brought good relief to that country. Our early reports from Minneapolis indicated rains at Fargo, Bismarck Minot, Havre, and Glasgow, all ranging from 1/4 to 1/2 inch, while a cloudy condition was reported at Great Falls, but the chances are that clearing skies will set in after tonight, although we still expect quite a little moisture over the corn belt, which is also very important as it had become quite dry in many sections with recent temperatures somewhat higher than normal.

Exports of wheat during April were 34.8 million bu, which brings the total for the first ten months of the season to 426 million bu. This compares with 407 million bu for the same period a year ago. Exports of other grains during April were 19 1/2 million bu, bringing the total to 153 million bu for the same period compared with 91 3/4 million bu last year. It will take a little heavier rate of shipments than we had during April if we are going to reach our goal of 500 million bu for wheat and flour shipments, and also for other grains, the program will have to be accelerated if we are going to reach a 200 million bu total as had been hoped for.

Plant pathologists have been talking in recent days about a new wheat disease which they term "mosaic." It seems to be prevalent in some of the western sections, and while some people figure that it may take a toll from an otherwise nearly perfect crop, we still have some reservations as to its seriousness. We are not questioning either the integrity or the wisdom of these experts, but on past occasions the writer has been right in the fields with some of these men who early in the season thought that blight or other damage might bring about a sharply reduced yield, and yet the final results were still very satisfactory. Therefore, we await the outcome until it is definitely proved.

During yesterday's session there was a rather substantial decrease of 752,000 bu in the open interest of May wheat, yet it is small in comparison with 12,183,000 bu left, with only 4 days of pit trading, after which contracts may be settled only by delivery of cash wheat in Chicago. A great deal of interest surrounds this condition inasmuch as it is thought that some free wheat is arriving in this market, which leads to the thought of possible delivery. On the other hand, the CCC continues willing to buy wheat for shipment out of this markd FOB cars at slightly better than the delivery basis. The policy of the CCC, as we understand it, in pricing wheat which they sell for export, is to take the average price of their purchases during the preceding month; therefore, later declines in the market would likely result in losses to the Corporation. We know they are acquiring tremendous quantities now through loan defaults, and are apt to get additional from purchase agreements, and it would be to their advantage to have prices continue at high levels. The question arose prior to the month of May as to whether the government would continue to buy during our delivery month, and it was seen that they did so. With this same line of reasoning, there are thoughts that they will continue to stay in the market even after our May trading is completed.

Primary receipts of wheat today amounted to 1,429,000 bu compared with 890,000 bu last week, and 826,000 bu last year. So far this week stocks of wheat at Kansas City and Minneapolis show a net increase of 51,000 bu.

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CHICAGO, 4 May 19, 1949

There was considerable moisture overnight over southwestern districts and further precipitation was also reported in the corn belt, but as far as our Northwest was concerned, it was mostly dry. The Canadian weather was reasonably favorable with some light showers reported in southern Alberta and Manitoba but generally clear in Saskatchewan. Temperatures up there are quite low and frost was reported in many districts, which, of course, can do no harm this early in the season. The forecast indicates light general rains for the Peace River districts in Alberta this afternoon and tonight; otherwise, clear and cool.

In view of the fact that the government has indicated that they had no present intention of getting out of the market for cash wheat, and in fact, that buying was likely to continue for quite a while yet, there has been some speculation as to whether this was more bullish on old or new-crop futures. Trading in May wheat seems to be a little heavier but after today there are only two sessions before the expiration of the old-crop contract; therefore, it is not at all surprising that with the large open interest we should have so many erratic swings. A good many people had apparently figured that being long was safe on the possibility that the government would take the load off their hands in case other demand was not there. However, some of the shorts may be getting ready to make tenders on contract, and this morning a steamer carrying spring wheat arrived at Chicago and is now unloading, and it is our understanding that there are no strings attached to this wheat; consequently, it might be tendered although we cannot vouch for that. There are also reports that other steamers from the Northwest may be arriving here before the end of the month, and while it is only guesswork we estimate that there may be 1 1/2 to 2 million bu involved. It was on basis of these reports that were circulated on the floor that some of the longs undoubtedly reduced their commitments, and we believe that weakness in May wheat when it came was the main influence in causing declines in the new-crop futures as well.

Not much attention is being paid these days to events or developments in other countries. At the present time Argentine shipments are slightly larger, but since August 1st only 46.7 million bu has been cleared compared with 83.6 million bu last season and 103 1/2 million bu the 1931-35 average. In Australia, the principal wheat-growing areas had sufficient moisture for seeding, although good, generous rains will be needed during the growing season. India reports good progress being made in harvesting spring crops, while Broomhall's reports from Russia are to the effect that spring sowings are several days ahead of last year. Thus far there has been little said of increased areas sown to spring wheat, although mention has been made of obtaining better yields per acre. The same authority says there are suggestions that if weather conditions are favorable, Russia will have a record cereal production this year, with a substantial surplus for export.

Primary receipts of wheat were a little over 2 million bu today compared with 1,277,000 bu last week and 1,346,000 bu last year. However, present figures are somewhat misleading because of the heavy movement of government grains to terminals. Kansas City and Minneapolis stocks so far this week show a net increase of 19,000.

The government established an interim price support loan on the 1949 crop at about $1.93 a bu at the farm level. This would be $2.16 basis Kansas City, but the final adjustment will only be determined when the June 15th parity is made known. They make some allowance for possible reductions during the next two months. The new wheat loan applies only to the early produced wheat, and there have been no differentials yet between markets, although it looks as though the same differences might apply as last year.

The House has passed a bill extending federal crop insurance under a somewhat wider coverage. Under the old program losses of $73 million were sustainedwhich will be written off. Considering that we raised bumper crops of all grains last year, one naturally wonders how extensive the losses may be the first time we have a drouth.

In today's session, May wheat was weak at times, but showed fair recoveries, and we believe there was considerable evening-up by both longs and shorts. The open interest is still 11 1/2 million bu, which is extremely large considering that all told there are only 3 days for evening-up transactions in the pit, including today, although some deliveries are apt to be made during the remainder of the month. Corn futures were barely firm, but prices are still far below the loan; thus the big crop makes it difficult, even with the support program to "hold the line."

UHLMANN GRAIN CO.

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CHICAGO, 4

May 20, 1949

We doubt whether one person in a thousand realizes the extent to which the epartment of Agriculture has entered the field of supporting various commodities order to prevent price declines of a drastic nature. Naturally the grain trade pretty well versed with the loans that have been operative on basic commodities, nd likewise there is a pretty general knowledge of the national averages of support rices for various farm commodities, such as oats, barley, grain sorghums, etc., hich are not included in the 90% of parity loan brackets but few people realize that uring 1948, 11 1/2 million lbs of honey was purchased, and that all of this quantity ill be used in school lunch and institutional feeding programs, thus bringing about far greater consumption than might otherwise be possible. There are too many ther articles receiving government attention to be mentioned in a market letter of is kind, but the great question if whether we can continue to do this indefinitely we come into a period of overproduction, and if there should be a further readustment in our entire economy. Today, for example, there was quite a lapse of ime before CCC finally decided what their bid would be for wheat at gulf ports, and hile it is generally assumed that the government is going to stay in the market for ometime yet, the question also arises whether even with federal building of wareouses, we can continue to build up surpluses without having secondary consequences.

Before our market opened there had been reports of copious rains over the orn belt, and apparently the precipitation averaged about an inch or so, which is ertainly favorable coming at this time of year. Still it must be remembered that ith an acreage of only 84.8 million, the smallest in fifty years, we have to have exremely good conditions to raise another bumper crop. However, with a carryover f 750 million bu indicated and many of the cribs already filled, even a yield of 3 illion bu would be very satisfactory, and would still give us practically the same otal supply as we had at the beginning of this crop-year. From information we ather, more cargoes of wheat from the Northwest are headed for Chicago, and alhough we do not have the exact amount, it looks as though deliveries might be as reat as 2 million bu or more if the spread between May and July remains at about his differential. Nothing really succeeds in a market like deliveries, and we have een in corn that while the amounts have not been great, at least it has created ore liquidity because in many cases longs, believing that nothing will be tendered, emain static in their position; thus some of the commitments are held until the ery last moment. This we believe is quite true with respect to wheat where both ongs and shorts are stubborn. Before the opening today we find that the open nterest in May wheat was still 10,779,000 bu, which is certainly a very great uantity to be cleaned up by tomorrow night, but yet if there are to be substantial eliveries actual trading in the pit would be reduced by that amount. We also find ery large open interests in other cereals, particularly soybeans, although some eliveries have been made in that grain. However, Chicago stocks generally are ot sufficient to bring about excessive pressure for heavy tenders on contract when taking into account that quite a little of the grain in this market either belongs to ommodity or to commercial users.

Not much attention was paid to statistics, although the primary movement f wheat amounted to 2,078,000 bu compared with 1,494,000 bu last week, and ,123,000 bu last year. Kansas City and Minneapolis stocks so far this week show net increase of 114,000 bu. When the visible supply of wheat is posted on Monday t will compare with a decrease of only 281,000 bu a year ago.

Markets were not particularly active, although the May deliveries in the arious markets were being evened up, and great strength was shown at Kansas City, while in the Northwest the May future was somewhat lower. We had some weakness n our May at the start, but later on short covering and evening-up operations here were very slow, and we expect that tomorrow will be an extremely exciting day, with May wheat sensitive to the character of the orders coming into the pit, so that obody can make many forecasts.

Meanwhile, winter wheat prospects are good, and not much bullish enthusiasm s expressed in the new crop futures except one hears the possibility that there may e government buying of old crop wheat well into June, which, of course, could ave an influence on the July and September wheat if they continue to sell far beneath oan levels.

There was not much feature to the corn market, but a little firmness in the ecember future, which is by all odds the cheapest, and the risk of loss does not

seem to be great, even granting a carryover of 750 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 23, 1949

It looks very much as though the International Wheat Agreement would be ratified before July 1st in order to make it effective, and Secretary Brannan believes that it will cost the nation $84 million annually, reflecting the difference between maximum prices under the agreement and the domestic price support level, which is estimated at about $2.35 gulf ports. This would be on basis of shipping about 170 million bu wheat annually. From what we learn our government plans to ship a much larger quantity at least for the first year or two, although they undoubtedly have in mind that agricultural production in Europe, especially of staple crops, is being fostered everywhere with the obvious prospect of an early overproduction and a loss of American markets. The same statement might be even given with respect to other industries, and one of our close friends traveling in Europe now tells us that in France 1,300 locomotives have been purchased since the war and that at least 300 of them are lying idle, and every single European country is putting up new steel plants.

When our market opened this morning, prices were rather firm, and it was felt that in view of the manner in which May contracts were terminated, cash markets might for a time hold rather firmly. Before long, of course, new wheat will be available, but even with that in mind partial embargoes have already been discussed affecting the movement of grain Southwest and there can be little doubt that elevator space will be scarce at least at the start of the season. Probably not much can be built any more for this year, although both House and Senate have passed bills granting power to CCC to engage in a comprehensive storage program. The bills have gone to conference to reconcile differences involving authority over control of CCC. The Senate bill requires appointment of CCC directors by the President with the advice and consent of the Senate while the House bill provides that the Secretary of Agriculture is to appoint the board and gives the Secretary complete control over the corporation. The House bill also contains a provision under which the corporation could loan farmers 17 1/2¢ a bushel to finance the construction of storage facilities, the loan to be deducted from any subsequent net realizations from price supports. Several attempts to amend the House bill to restrict storage activities of CCC were beaten down. The government has taken other steps in order to keep grain back on the farm, and sometime ago announced, as we mentioned, a re-sealing and storage-payment program for wheat, oats and barley.

Weather over the week-end was quite satisfactory, and there was considerable moisture over parts of Canada and our Northwest, which should be very beneficial. More than 2 inches rain was reported at McCloud and southern Alberta, with light rains in northeastern Saskatchewan, as well as light showers and snow in Manitoba. Temperatures were very low for this time of year, but apparently this is not much of a factor. There had also been considerable moisture over the corn belt, and thus whatever planting has been accomplished should now permit of proper germination, although as we pointed out earlier, corn acreage is the smallest in fifty years.

When the visible supply of wheat was posted, there was a decrease of 767,000 bu. This left total stocks in all positions 85.4 million bu compared with a little over 40 million bu last year. The corn visible decreased 1 1/4 million bu leaving nearly 11 million bu in various positions or 6.3 million more than last year. The oat visible decreased 188,000 bu and there is now less than 2 1/2 million bu at all points compared with 1.2 million last year. Chicago wheat stocks increased 1 1/2 million bu but this was the result of shifting from the Northwest. Chicago corn stocks decreased 442,000 bu and oats stocks are 133,000 bu smaller.

We find that with May wheat trading completed there is still 3.8 million bu to be settled through delivery. Part of this has already been tendered and we presume the balance will gradually be handled in the same way. It is difficult to tell what disposition will be made of this wheat, although the trade is watching this factor closely.

While there were some reactions following the higher market, it seems with heavy rains, tornadoes, hail damage, etc., it is regarded as bringing some deterioration to the wheat crop and possibly later estimates will be reduced although the moisture situation generally is still highly satisfactory.

Corn prices were generally firm although the nearby deliveries fared better than the distant months. There was not much feature in oats.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 24, 1949

While farm income has shown some reduction, total returns to producers re still highly satisfactory, but apparently a good many farm owners are finding any uses for their income other than debt retirement. For example, they are coninuing to replace worn out equipment and to make necessary repairs and improveents with costs remaining relatively high. The result has been that farm mortgage ebt on January 1st had risen to $5,108 million, an increase of more than $226 illion, or 4.6% higher than a year earlier. This increase is more than double hat of 1947, when it was about $104 million. Nevertheless, this is still a wonderful howing compared with prewar. Since January 1, 1946, when the debt reached a 4-year low, it has risen more than $425 million, or 9.1%.

Before our market opened this morning, it was shown that temperatures orthwest and in Canada were rather low for this season of the year, and no moistre of consequence was reported. However, there seems to be some chance for recipitation tonight or tomorrow over Minnesota and the Dakotas but the five-day orecast suggests that moisture may not average more than 1/4 inch. Temperatures, owever, will average below normal. The Occident Elevator Report talks of the ecent moisture over their territory, ranging as high as 1 1/2 inches. However, hey say that all points received some benefit, and that it was cool and showery all uring the past week with temperatures a little below freezing at night at some of he points in North Dakota and Montana. We find that while rains over the corn belt re very welcome, we are probably getting more moisture than is needed in many outhwestern localities and this together with cyclones, tornadoes, etc. has undoubtdly done some damage, although it is difficult at this date to state it in definite erms. Very likely when the next government report is issued reductions will be hown for Kansas, Oklahoma, and Texas, and it is possible that for these reasons e have had greater firmness in markets during the past few sessions. Another actor is the firmness in cash wheat following termination of May contracts, and ndoubtedly it will take some time yet before we have a readjustment between old nd new-crop price levels. Furthermore, milling business has been very slow, and hile the carryover will be substantial, much of the wheat will undoubtedly be in overnment hands. Therefore, the actual users of flour and wheat products have een holding off, so that there may be a good many holes to fill when new wheat is arvested.

We find that after allowing for yesterday's deliveries of 695,000 bu wheat n May contract, there is still more than 3 million bu to be settled, and very likely his will be handled as additional cargoes come from the Northwest in fulfillment of he open interest in May wheat. Just what disposition is going to be made of this rain is difficult to tell, but some people are of the opinion that there may be sales o CCC and that the wheat, therefore, may not remain here for long, but this is a atter on which we have no knowledge.

Since July 1, 1949, through May 20th of this year, total CCC purchases of arious grains, including flour in wheat equivalent, have amounted to 533 million bu. here have also been private exports and some wheat was stockpiled. Still the arly goal of nearly 700 million bu, comprising 200 million bu corn, feeds, and arious grains outside of wheat and flour, may not be reached, but in any case it ooks as though we would still have record export shipments for the season.

Primary receipts of wheat amounted to 2,275,000 bu compared with 3,063,000 u last week and 1,442,000 last year. Kansas City and Minneapolis stocks so far his week show a net increase of 5,000 bu.

Markets were rather firm, mainly because there was so little pressure, and, f course, with cash wheat in Kansas City selling 41¢ over the future, it shows how ightly held old supplies are and this naturally has some market influence.

Broomhall claims that for the most part surface moisture in Europe is airly adequate and if current conditions are maintained a fair to good crop will be ealized, although it is not probable that the final outcome on the Continent will be s high as the 1948 level. Here at home milling demand is still very quiet and only mall quantities are being booked daily. One of the leading elevator houses sold uly wheat and bought December, which widened the carrying charge spread just lightly; otherwise, there was not much feature. Corn was somewhat higher and here seems to be no pressure from country points, although some people feel that n any advances there may be a little heavier movement. Nevertheless, our visible upply stocks keep decreasing right along.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 25, 1949

The Department of Agriculture came out today with a release dealing with infestations of mosaic, which have been discussed quite a little this season by plant pathologists. By some it was regarded as something entirely new, although it has actually been prevalent in the western third of Kansas on previous occasions; in fact, it was also noted in Nebraska as early as 1922. While no reliable estimates of this year's damage can be made at this time, the Department claimed that total damage is probably very much less than had been estimated in press reports. Chances are that due to excessive moisture and the various tornadoes, cyclones, etc. that have occurred throughout the Southwest, the final outturn of the crop will not be as optimistic as had been earlier stated. However, moisture should not be under-rated, particularly in those semi-arid districts where so often shrivelling of the kernel and poor filling weather bring about a smaller yield during periods of dry weather, which certainly does not seem to be indicated for this year.

Our weather man looks for some further rains in western sections of Kansas and Nebraska, although fair in the central and eastern portions but rather cool. For the corn belt a few light showers in the extreme northern portions are expected this afternoon or tonight, although fair in the central and southern regions, also rather cool. There does not seem to be much precipitation in sight for the Northwest, but a few scattered showers are in prospect; however, we have heard no reports lately that the crop is suffering, and, therefore, when our market opened this morning, there was not any follow-up in the buying orders which we have had now for several sessions. CCC is still bidding the same price Southwest for wheat in gulf positions, delivery any time between now and end of May. Apparently there is still a short interest at Kansas City, and premiums there have been held so firmly that it is not likely that we shall have much pressure until we get closer to harvest. Nevertheless, buying incentives are lacking, and even though wheat is selling so far under the probable loan, it is expected that the movement will be quite onsiderable, although possibly there are going to be a good many holes to fill because of the fact that a large part of the carryover reserve will be concentrated in government hands. Thus it makes for a rather narrow market, and fluctuations for he time being may not vary a good deal unless we have other news to inspire traders.

We hear that two vessels carrying wheat that were intended to come from Duluth to Chicago have been diverted to eastern ports. Possibly those who had intended bringing the grain here for delivery on May contracts may have sold the wheat for eastern destination, although here again we have no direct knowledge as o what has happened. There is still more than 3 million bu May wheat to be ettled through delivery, but in addition to the cargoes that were to come here undoubtedly some of the grain had been shipped in carlots.

Primary receipts of wheat amounted to nearly 2 million bu compared with ,429,000 bu last week and only 647,000 bu last year. Kansas City and Minneapolis tocks so far this week show a total increase of 163,000 bu.

After mid-session there was quite a little selling of July wheat in our market, which may have been hedging against some of the May wheat recently devered, and we also believe that some of the warehouse receipts may have been old. Thus it is not altogether a certainty that the wheat that has been brought here r is still to come will find a ready market at the big premiums over July.

Weekly bulletins issued by the various states were quite optimistic, and ne one from Iowa talked of intermittent rains which covered about three-fourths f the state's area. Some field work was held up, but yet progress was about normal, with 86% of the corn planted vs. 84% last year. In Nebraska about 40% of the corn was planted by the close of last week and moisture in that state has held up field work. In Kansas satisfactory progress has been made during the past week, although what is needed now more than anything is warm weather and sunshine. Development f wheat ranged from fully headed and blooming in the extreme southern counties o approximately one-fourth of the fields beginning to head in the higher altitude of ne state. Hail damage apparently occurred in a few local areas, and there may be some additional loss from water standing in the fields.

With weakness in wheat other grains were naturally affected.

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CHICAGO, 4

May 26, 1949

Everyone has known for some time that the tremendous premiums which existed in the Southwest for old-crop wheat would sooner or later have to adjust as we come closer to the next harvest, but much of the tightness has been occasioned by the fact that about 200 million bu wheat was impounded under the loan; therefore, removed from commercial channels. There is also a sizeable quantity which may be defaulted under purchase agreements, although doubtless some of this grain has come out recently because of relatively high prices that have obtained. Still there was quite a little sweeping of bins to get enough free wheat to take care of the various May contracts, but as far as we can tell everything is satisfied both in Kansas City and here, and a good many swaps have been made with some of the holders probably re-selling to those who had made original tenders. Thus we have had a somewhat artificial situation, and the chances are we shall not have complete relief until a fair amount of new wheat moves.

During all this period CCC continued to bid for wheat, certainly a strange status in light of the enormous quantities of wheat taken over on loan defaults when it was quite obvious that it might take months before they could export what had already been on hand. These bids were ofttimes considerably under the market, and thus quantities actually acquired were not so large, but it all tended to aggravate a situation which had already been tight because of previous circumstances. Of course, federal agencies have a certain obligation under the law, and insofar as possible we presume they have tried to support prices, plus the fact that they may have felt that any additional purchases might have brought down the average value of their holdings, or even if only small quantities had been bought, it at least lessened their losses on the loan for the time being. The situation otherwise is different from a year ago because futures now are selling 25 to 30¢ under the probable loan; moreover, storage facilities are already pretty much taxed, so that there is bound to be some difficulty in the Southwest when the movement is on in full force. Besides wheat, which is generally the main consideration, there is a considerable quantity of milo stored in Texas, which takes up elevator space, and apparently CCC is not loading much of this from terminal houses to the seaboard, and it is our understanding that only about 4 to 5 million bu will be exported during the next four to six weeks. So all in all with the second largest winter wheat yield now pretty well assured, there are bound to be any number of problems during the coming weeks. The embargo in the Southwest, which is intended to relieve congestion, will not relate to wheat moving through free channels, but apparently anyone who figures on sending grain to terminals with the idea of taking a loan must show first that the proper arrangements have been made. A few truckloads of 1949 grain have already moved from farms around Vernon, Texas, and probably over the Decoration Day holiday more grain will come from farmsto country elevators, so that what we are discussing here is certainly not in the distant future.

There is still some moisture in parts of the Southwest which was not needed, and in fact, torrential rains were reported in Johnson County, Texas, where more than 3 inches of moisture was measured. Canada, which had been dry until about two weeks ago, reported showers in northern and central Alberta, with light, general showers in Saskatchewan and Manitoba, mostly cloudy this morning and further precipitation predicted. There is also prospect for some light scattered rain in parts of our Northwest, all of which should prove beneficial.

Primary receipts of wheat today amounted to 2,137,000 bu, which is a little larger than last week and compared with 1,328,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 107,000 bu.

Trade today was not particularly heavy but with weakness in cottonseed oil and soybeans there seemed to be a little liquidation all along the line. The cash basis at Kansas City was about 1/2¢ lower. Further selling developed in our July wheat, possibly representing hedges against recent deliveries, with the result that July and September sold at the same price and the carrying charges on the more deferred futures widened. July corn was rather heavy today without much volume. December corn is holding relatively firm and, in our opinion, should gain on September in spite of good crop prospects.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 27, 1949

Before our market opened this morning, there was a somewhat bearish feeling generally, and a good many people are beginning to wonder whether any government regardless of how resourceful can continue to support prices of all agricultural commodities without feeling the secondary consequences, and finally having a day of reckoning. We have already seen how this has worked out with respect to potatoes. With another bumper wheat crop coming on maybe it will be just as difficult to keep prices from staying well under the loan as it has been all season in preventing corn from selling at prices which had little relation to loan except, of course, that farmers had been reluctant to sell wherever it was found possible to get adequate storage. We think even the government has recognized this, and the Brannan Plan itself was brought forth on the theory that if prices were permitted to sell at their true level in competition with world markets it might be easier and cheaper in the long run to simply hand the farmer a subsidy to make up the difference in farm income to approximate more nearly what had been obtained during the past few years, yet a reduction of about 15% was considered plausible in view of a general decline in our economic setup. However, wheat and cotton were never included in this category, as certain governmental agencies had figured that they had done a pretty fair job in the past, although it was all before the period of burdensome accumulations. It was likewise believed that by forcing heavy grain exports we might be able to stave off a day of reckoning for another year or two. An article appeared this morning in the Wall Street Journal to the effect that the Secretary Brannan Plan would not be pursued this year and that very likely the Aiken Law which was enacted by the last Congress would be permitted to take effect as scheduled in 1950. This together with reports of rain over our Northwest and in Canada had a rather depressing influence and brought about further liquidation.

There were apparently good rains in the Peace River areas, and in central Manitoba, with light showers in northern Saskatchewan and in Alberta; further showers are predicted over central and northern parts of the Prairies with rising temperatures in the South. We have also had some precipitation in southern Minnesota and over South Dakota, Nebraska, Missouri, and portions of the Southwest.

A car of new wheat was loaded at Weinert, Texas, yesterday; combining has started at several points in central west Texas, and we believe that over the holiday there may be other reports telling of progress. A message from Omaha stated that all terminals at that point were still full of last year's wheat, no loading orders from CCC, and that they had no ideas on new wheat storage until some of last year's crop had been moved.

The South Dakota weekly crop report states that corn planting progressed rapidly during the past week, and that in the main area 75 to 80% of the acreage is planted. Condition of small grains improved, especially in the north central and northeastern counties. The Montana weekly report mentions that beneficial rains during the week relieved a local drought condition and provided sufficient moisture to insure good germination of spring-planted grains.

Kansas City Office of the CCC reported 50,000 bu wheat bought for the period ending noon on Thursday. There is no indication of any interest by that office beyond May 31st.

Primary receipts of wheat today totaled 3,487,000 bu compared with 2,078 000 bu a week ago and 1,041,000 bu the comparable day of last year. So far this week, Minneapolis and Kansas City stocks show a net increase of 207,000 bu. When the visible supply is posted on Tuesday, it will compare with a decrease last year of 1,848,000 bu.

Flour business showed some slight increase although generally new business is lagging. Cash wheat premiums in the Southwest showed further weakness. In Kansas City premiums were off about 6¢ while in the Texas area some wheat was purchased for next week's shipment at about 12 1/2¢ over Chicago July basis the gulf, which is the lowest premium we have heard so far. Liquidation was in order in all pits and with movement of new wheat just around the corner, and the scarcity of storage space, see nothing constructive in the market, and look for further weakness and a further gradual decline in premiums.

Corn also was under liquidation but offerings from the country seem to be very limited. Further weakness in oils and meal is not helping the soybean situation.

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CHICAGO, 4

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CHICAGO MERCANTILE EX.

May 31, 1949

It has been felt for some time that European crop reports were rather pessimistic in relation to actual conditions and some of the government observers who have been in the fields both on the Continent and in Britain may have been prejudiced because of the fact that we have had a big export program in mind with shipments next season not to be much reduced from the previous two years. However, general rains late in April and during the first half of May benefited crops materially, although in a few areas of Southern Europe they did not occur until some deterioration had taken place. But in any event conditions as of mid-May continue to point to a total crop considerably above thet of the drought year 1947 but somewhat less favorable then the yields of last summer. In Central Europe crops are generally below a year ago because of the less than average rainfall, plus the fact that dry weather last fall and early spring had hindered plantings and retarded growth in Eastern European countries, except Hungary where conditions were much better than a year ago and larger acreages were planted.

When traders came down to their offices this morning, they found that there had been some very nice rains in our Northwest and in Canada. Early reports indicated 1/2 to 2 inches of rain over Saskatchewan with the heaviest precipitation in the North. Heavy rains also fell on the eastern border of Alberta, and there was good precipitatinn in Manitoba. Skies are now cloudy and further showers are expected over the Prairies today, so that all in all there has been considerable improvement in that country during the past two or three weeks. About the only argument that one can advance in the belief that prices are cheap enough is on the theory that artificial influences are bound to have an effect and tremendous quantities will finally be impounded. Against this one can only say that for weeks, and in fact, for months, corn has been far below loan levels; therefore, the big crop was a paramount issue, as apparently will be the case in oats. Oat prices are 15 to 20¢ below the probable loan, figuring normal freights to Chicago; therefore, nobody can be certain just what the level would be if everything were permitted to sell on a purely supply and demand basis. When Mr. Brannan minimizes the possible cost to the government of maintaining present schedules, we doubt whether he has listened much to practical advice of those who have spent a lifetime in this business and have had real experience in the marketing of grain in competition with other countries. For the past four or five years we have had an abnormal outlet to Europe following the war, but post-war adjustments are now taking place, and with the dollar shortage in Europe, we are convinced that even now shipments from the United States would be pared down considerably except for the fact that so much of our grain is being exported on a credit basis, or else is an out-and-out gift.

Nothing has been heard lately about the International Wheat Agreement, although advices from Washington state that there is no great urgency for the Senate to ratify this pact, not so much because it would be harmful to our economy, but rather because the matter has never been properly presented to this body in order to be fully understood. Furthermore, with our deficit probably amounting to $3 billion this coming year, both Houses are a little more economy-minded, and while our present expenditures are not being cut to any large extent, yet there seems to be more apathy in going into new ventures that would aggravate the situation.

When the visible supply of wheat was posted there was an increase of 1 1/4 million bu. Total stocks of wheat in all positions 86.6 million bu or 48.4 million bu more than last year. The corn visible decreased 712,000 bu. There is 10 1/4 million bu at the various points compared with only 4 1/2 million last year. Oats increased 342,000 bu and the total is now 2.8 millinn, almost twice as much as we had in 1948. Here at Chicago there were increases in the wheat, corn, oat and bean stocks leaving us with 6 million bu wheat at this market.,

There was not much today in the way of stimulating news; as a matter of fact, the Santa Fe report was quite bearish. This authority estimated the Kansas crop at 260 million bu which is larger than the official in spite of Mosaic virus. They also believe that Oklahoma's new wheat crop will surpass the record of 1947 and may even top the last official forecast of 108.8 million bu. One of the troubles with our market is that there are so few shorts, consequently, liquidation today caused rather sharp declines. The weakness in wheat influenced lower prices for corn and oats; even rye, which looks to be a short crop this season had a rather sharp break probably influenced by weakness yesterday in Winnipeg while our market was closed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 1, 1949

News from Washington told of a resealing program with respect to corn, whereby the Department of Agriculture will pay producers an extra 10¢ a bu to store corn on their own farms for another nine months. As near as we can judge, this is almost identical with the programs announced on May 12th for farm-stored wheat raised in 1948, as well as oats, and barley. The Department pointed out that this was all designed to slow down the excessive movement of corn off farms, which would result from heavy deliveries of loan and purchase agreement corn to CCC this fall. It looks as though they were simply delaying the day of reckoning unless, of course, one could be sure that if smaller acreages are planted, we might finally be able to dispose of our accumulations after many years of favorable yields. Nevertheless, history has shown that experience in the past has always been bad when any government artifically withheld commercial supplies from the market in the hope of obtaining a better price later on. Therefore, we are somewhat surprised, in view of the difficulties already encountered with respect to the basic crops, that officials should want to go even further in the way of agricultural support to include virtually all items. We admit that if there is any particular reason to support wheat, corn, cotton, tobacco, rice, and peanuts, it would be perfectly fair to go much further in order to provide the same benefits for all agricultural products. But why stop there? If acreages are to be cut, why not provide some benefits for the manufacturers of agricultural implements? Then if we do that other segments of our society are entitled to consideration, so that possibly pants manufacturers or others whose business had declined below their previously established parity might regard themselves as neglected if the government overlooked them. It is rather difficult to visualize how far benefits and controls might go it complete socialization were to take place under such a plan for a Utopia.

Before our market opened this morning, there were reports of nice rains both in our Northwest and in Canada. Light scattered showers fell over central and northern Alberta and Saskatchewan, while heavy rain was reported in southwestern Alberta around Lethbridge and southeastern Saskatchewan; also general rains in Manitoba with the forecast for thundershowers generally. Minneapolis wired that there had been 1/2 inch rain at Fargo, 1 inch at Grand Forks, and lesser amounts in many other sections, with 1 1/4 inches reported at Minot, which leads us to believe that there must have been considerable benefit from these additional rains. Nevertheless, the outlook is not for a bumper spring wheat crop, and not too much improvement was noted last week, although where moderate rains were received, progress was apparently quite favorable. Still in the poorer districts some deterioration took place.

Primary receipts of wheat amounted to 1,407,000 bu compared with nearly 2 million bu last week and 1,470,000 bu last year. Kansas City and Minneapolis stocks show a total increase of 93,000 bu.

There was a firm undertone to the market and we believe that news pertaining to corn was construed bullish, which also had some influence on the wheat market. However, best prices of the day were not maintained and while there is some pressure from the new arrivals of wheat coming into market, there are likewise a number of holes to be filled in as millers undoubtedly will be doing a better business now with prices on a more reasonable basis. It is questionable whether producers will exert too much effort to sell wheat around $1.50 per bu, the price currently quoted for the Texas crop; still the yields are so big that it cannot all be stored and for that reason the post-harvest movement may bring fair recessions even after the sharp breaks that we have had.

The Weekly Kansas Report stated that crops had made rapid development, with generally fine growing weather prevailing during most of the week. In Oklahoma, harvest will proceed this week if weather permits, for early varieties in the southwestern part of the state.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 2, 1949

Under the present loan arrangement, wheat stored on the ground is not egible for government loan. If on the farm it must be stored under satisfactory cnditions and subject to proper inspection on part of officials. There seems to be sme agitation at the moment to extend the loan program to cover wheat on the gound. According to a press dispatch, experts in the Department of Agriculture ae terrifically opposed to any real relaxation of existing storage requirements. Carges are being made from Texas that certain elevator interests which have srage space available are refusing to store the grain for Texas farmers. We personally feel that these kinds of reports have to be discounted, and we feel rather crtain that most elevators will accept storage to the best of their ability. CCC oicials feel that for wheat stored on the ground the producer can be covered under prchase agreement, but, of course, he would be responsible for the condition of hs grain at the time delivery was made to the CCC. The old question of wheat sored on the ground is complex. The keeping quality depends mainly on conditions ht exist at the time of harvest. Whether the grain is dry or wet depends on the nd of harvest. The storage difficulties that are being experienced this year stem bck to the unrealistic high loan extended to farmers for the 1949 crop. The inducement the last few years has been to raise wheat for the loan rather than for sale. rice has been a great incentive to farmers to keep up if not increase production, istead of letting the more natural laws of supply and demand govern the situation th lower prices causing a curtailment in acreage when large supplies are available.

Other factors are also affecting the movement of the new crop. We have always maintained that a free and open market where millions of buyers and sellers eet to determine price is preferable to controlled markets with decisions vested i the hands of relatively few people. As conditions exist today, we have one main yer and one main seller, at least as far as export business is concerned - that is, CC. If the export business had been turned back to private hands we feel rather onfident in making the statement that considerable quantities, probably up to 40 or 5 million bu, if not more, would have been contracted for by this time by importing untries in deferred shipments of the new crop. This would have immediately eated a demand on part of exporters for new wheat and would have given a balance the market. As it is today, milling demand is rather quiet and merchandisers have depend on the mill requirements for sales. The ability of the government agencies t absorb purchases of new wheat will depend a great deal on what can be handled gulf ports, as they cannot find storage facilities any more readily than producers. rom early reports received, wheat that is being sold by farmers is netting $1.50 bu at country stations. While this is 35 or 40¢ under the loan, it certainly is not a tastrophe price considering the size of the crop and the yield per acre, particular- not so if the farmer can find facilities for putting part of his crop under the loan, ereby obtaining an average.

We were surprised to see an announcement by the Canadian government that e Canadian Wheat Board would take over marketing of oats and barley as of gust 1st. We regret to see this action taken on part of our neighbors to the North. ile one cannot appraise the situation as yet, it looks like the death-knell to the nnipeg Grain Exchange and the end of free enterprise in Canada, as far as the jor portion of their crops is concerned. This is the result of the steps that are ken one at a time to socialize agriculture. We sincerely hope that in the United ates we will still favor free enterprise.

Primary receipts of wheat today totaled 2,356,000 bu as compared with 137,000 bu last week and 585,000 bu the comparable day of last year. So far this ek Kansas City and Minneapolis wheat stocks show a net increase of 297,000 bu.

In looking over the weekly crop reports, Iowa states that about 95% of the rn is planted compared with 97% last year and 63% of beans compared with 77% year ago. The Nebraska report indicates that 67% of the crop was planted up to st Saturday with favorable weather since and that possibly 80% was in the ground the week-end.

Milling business seems to be going on at a moderate pace, although most ders are for current needs. There has not been enough wheat moved in the uthwest to judge the producer's attitude but apparently resistance is developing ainst present price levels. Our market was under pressure most of the day. here was a recovery from the low point but feel at least temporarily wheat is on e defensive and this has a sympathetic effect on other grains.

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June 3, 1949

There was some more rain overnight in Oklahoma; around Altus as much as 3 to 5 inches fell, which, of course, is bound to delay harvesting operations. We also heard that Great Bend had quite a heavy storm, high wind, and still raining. There were several stations in central and western Kansas that were likewise affected, all of which naturally tends to cause a little apprehension, although on the whole crop prospects are still excellent, and one of the private experts came out this morning increasing winter wheat production to 1,053 million bu compared with the official forecast of 1,021 million bu. Spring wheat was also placed on a high basis, with a prospective crop of 301.8 million bu on an estimated acreage of 20.3 million. This acreage apparently was about in line with the March 1st intentions. Taking the same expert's figures, Oklahoma has a prospect now of 115.8 million bu, Texas close to 120 million bu, and Kansas 258 million bu, and this suggests phenomenal yields. If this is the case we are bound to have some pressure as the movement enlarges.

CCC has asked for offerings, and we have inquired from Kansas City about what price sellers have in mind but we had no direct intimations. However, there were no purchases made through that Regional Office yesterday, and chances are that with some improvement in the milling demand, there is a substantial business going on now, particularly as the processors were out of the market to quite an extent during a period of high prices when May wheat was bringing a big premium over new-crop.

Rains overnight were satisfactory in Minnesota, and the five-day forecast suggests that we may have additional rains in North and South Dakota running anywhere from 1/4 to 1 inch, which, of course, would be most welcome. We still believe that there will be very large quantities of wheat impounded, and both House and Senate are now apparently agreed that CCC should have authority restored for the building of storage when it can be demonstrated that certain sections of the country are suffering from a deficiency of adequate space. At the same time news came from Washington that the Department had started work on control measures designed to cut the 1950 wheat crop as much as 25% under this year's yields. Just how farmers will react to having to plant less is difficult to say, but everyone knows that high prices have brought about intensive cultivation, and that in addition to propitious weather, better uses of fertilizers have had much to do with the big yields we have had now for the past five or six seasons. Gradually more money is being tied up in loans, and we understand that about $2.8 billion is involved in corn, wheat, and cotton which has been absorbed thus far. Consequently, it will require large additional amounts to take care of the 1949 crops, particularly as wheat is selling so far under the loan that very large amounts are bound to be taken from commercial channels. Should there be a lot of wet wheat, of course, it will have to be marketed as it cannot be put into quonset huts or tanks on farms without the proper handling. Nevertheless, there are bound to be problems, although the government intends to ship 450 million bu wheat and flour during the coming season. Even if that materializes, it should leave us with a carryover reserve one year hence of about 500 million bu, or nearly twice the average prewar figure.

Primary receipts today, with Wichita missing, amounted to about 1,585,000 bu; this compared with 3,487,000 bu last week, and 1,291,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 311,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 1.2 million bu.

Markets were rather weak at one time, although this was true more in wheat than any of the other cereals. However, strengthening of the premiums at Kansas City, with the basis as much as 4 1/2¢ higher brought relative strength to the Kansas City market, which in turn affected us, and we had a substantial rally. As has been known for some time, there is not much free wheat left in the Southwest, with the tremendous quantities of old wheat impounded, and the movement now is being slowed up some by weather. Therefore, with mills in the market we had a little absorption, which naturally influenced our futures.

Offerings of corn from the country were not particularly heavy, and the yellow cereal, in our opinion, has comparative merit. We recognize that with a carryover of 750 million bu likely, there is no actual shortage, but at the same time everything is being done to keep the corn back on farms, so that no accumulations are taking place at terminals. It looks as though there would be some rains over the corn belt; in fact there were some showers early this morning, which, of course, is a fine start for the crop, so that even with a small acreage we are apt to have a big harvest.

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CHICAGO, 4 June 6, 1949

There were advices from the East that Secretary Brannan's price support rogram might be put into effect, at least on some commodities in order to give it trial before starting operation for major commodities. Mention has been made of vool, potatoes, hogs, poultry products, and milk, but we do not believe there is anyhing certain. There were also some rumors that Washington officials were conidering subsidy payments to farmers for wheat, but there is nothing definite on he latter, and apparently the perishable articles are to be handled differently, at east for this year's crop, so that wheat and corn farmers will continue to get their ayment through the market rather than through the post office. Of course, there re still some checks being sent out for soil conservation, etc., but new agricultural olicies are coming up continually for consideration. A few days ago Mr. Brannan nnounced that the Department may soon be required by law to proclaim acreage llotments and possibly marketing quotas for the 1950 crop. The total wheat supply or the 1949-50 marketing year which starts July 1st is expected to be in excess of .6 billion bu. The estimate is made up on an expected carryover of about 300 nillion bu and an assumed crop of winter and spring wheat of more than 1.3 billion u, which would indicate that the carryover reserve one year hence might be pretty lose to 500 million bu. It has been pointed out that even if marketing quotas are ot put into effect, it is likely that we shall have to use wheat acreage allotments as practical means of carrying out price-support programs. The Secretary concludes hat it will probably be necessary to get wheat production down to a billion bu annually, and that even that would leave a wide margin for export, because we could scarcely hope to maintain the present heavy shipments. He also states that without he International Wheat Agreement we would be likely to face the necessity of a nuch more drastic reduction in wheat acreage, but that being assured of exporting 168 million bu under our quota it would help to that extent.

Not much attention was paid to the severe damage reports that had been irculated last Saturday, and we stated at the time that we thought it was rather xtreme, although nobody wanted to see excessive moisture that would hamper harvesting operations. Weather over the week-end was somewhat better in Texas and Oklahoma, and there seems to be a fair movement developing now with harvesting ontinuing in those fields where there is not too much moisture. On the other hand, a very large percentage of the wheat is not being offered on the free market, which is understandable in view of the fact that the loan price is so much higher than $1.50 to $1.55, which is being obtained for wheat being sold in those early districts. While there is no definite barometric low over Kansas, there is still an unsettled ondition and widely scattered thundershowers may occur today and tomorrow, but on the other hand it is felt that actually crop loss will probably not be great if we get a little more normal weather from this time forward.

World shipments of wheat and flour from August 1st to end of May have amounted to 763 million bu, of which the major part was furnished by the United States, our share having been 419 million bu. Canada furnished 177 1/2 million bu, Australia 94 million bu, Argentina 49 1/2 million, and Black Sea ports 23 1/2 million bu.

When the visible supply of wheat was posted, there was an increase of 2.3 million bu. Total stocks in all positions are nearly 89 million bu or 49 1/2 million bu greater than last year. A slight increase in corn stocks brought the total up to 10 1/4 million bu compared with only 4.5 million bu last year. Oats increased more than a million bu, to a total of about 4 million bu compared with only 2.6 million bu last year. Chicago wheat stocks now have increased considerably during the past month and amount to 6.5 million bu but corn stocks in our market are only 2 1/4 million bu.

There was some attention paid to the high premiums at Kansas City, more strength having been shown today in the cash market owing to the fact that there is not enough new wheat coming in yet to really make a suitable market for the mills, and while receipts are quite heavy most of this represents CCC wheat where stocks are being shifted, but, of course, free stocks are still far from ample. Even where wheat is moving in Oklahoma, the largest part is not being sold and every effort is being made to put wheat into the loan. Therefore, there is no pressure yet, but, on the other hand, no speculative enthusiasm on the theory that for the next 3 or 4 weeks receipts at terminals will create many problems particularly as storage room fills up.

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CHICAGO, 4 June 7, 1949

The forecast is for showers in our Northwest and in Canada, which should rove beneficial. This is particularly true for Canada where moisture reserves emain far below normal throughout much of central, east central, and northeast Alberta, western and east central Saskatchewan, and in a few localities in Manitoba. The Dominion government points out that in these areas, frequent rains during the rowing season will be required to produce a satisfactory crop. Pastures are already suffering in many areas. On the other hand timely rains have fallen over wide areas of the provinces, and average precipitation since the first of April is now much nearer normal than it was two weeks ago. Canadian farmers have indicated on basis of their intentions on April 30th that they will seed 3 million more acres to spring wheat in 1949 than they did in 1948. The total acreage seeded to wheat in Canada for harvest in 1949 is expected to be just under 27 million acres, although intended acreages are merely indicative of farmers' early plans, and, therefore, final results may vary considerably from those figures, depending upon conditions affecting the seeding subsequent to April 30th.

In our own Northwest we get optimistic reports from the Peavey Elevator people, in which they say that all crops made excellent progress during the week, and that generally prospects are good. Actually some damage from excess moisture in North Dakota points was reported, but having had a droughty condition the week earlier, even this condition is regarded as optimistic. According to the same authority rye is heading somewhat short, and probably will be a generally light crop, There is some corn still being planted, but in the commercial corn areas work has about been completed, with many fields cultivated for the first time. Unfortunately there was further precipitation in the Southwest, heaviest in parts of Nebraska, but also, extending into Oklahoma and Texas. From what we gather there was anywhere from 1/4 to almost 1/2 inch rain in parts of the Texas Panhandle, although around the Amarillo district just a trace. Heavy rain, hail, and winds were reported in eastern New Mexico. Nevertheless there has been sufficient wheat already combined to give us fairly good receipts at country stations, but the bulk of it is either going into the loan or being held for a better price, with the result that amounts coming on the free market are still very small. One of the Kansas City papers carried an article this morning that harvesting around Wellington, Kansas had started, and on the first five acres average yields were 37 bu to the acre and a test weight of 59 lbs, which, of course, is most satisfactory. A little later this month we shall have the government report, and while some people doubt whether any of the recent damage will be included, we find that federal agencies have better means for accumulating and gauging pertinent agricultural data than any of the independent sources. whose means of obtaining information are more limited.

Our Department of Agriculture has set July 23rd as the tentative date for a nation-wide farmers' referendum on production controls for the 1950 wheat crops. If the June estimate issued next Friday indicates total production in excess of 1,300 million bu, official action in setting up marketing quotas is expected to be taken by the Secretary of Agriculture. These quotas would have to be approved by at least two-thirds of the growers voting. Should the vote be affirmative, our acreage might be reduced to about 62.5 million acres, while nearly 82 million acres were seeded for this year's crop. In 1941 and 1942 quotas were approved by more than 80% of all growers voting.

Primary receipts of wheat today were nearly 3 million bu compared with 3,878,000 bu last week and 1,136,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 317,000 bu.

Markets were rather weak during the forepart of the session but later on there was a report from Washington that Secretary Brannan was opposed to the system of production payments to support income of wheat growers. Heretofore, it was surmised that the Secretary might possibly push his plan for wheat and perishable commodities in order to let prices seek their true level and then making up the difference through a compensatory payment. However, his statement today before a House Agricultural Sub-Committee made it rather clear that the loan program would probably be continued, and, for the time being, there is not much pressure anywhere although premiums at Kansas City were slightly easier and we presume that before long storage space will become acute.

Corn was very strong and even early before wheat broke there was buying based on the small movement from first hands. UHLMANN GRAIN CO.

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CHICAGO, 4 June 8, 1949

Late yesterday Secretary Brannan released a statement outlining immediate steps that would be taken in a broad program to develop more adequate storage acilities for farm commodities. This occurred immediately after the President had igned a bill restoring to CCC power to acquire or build elevator space in order to ssist farmers to get their grain or other products into the loan. In all areas where limatic conditions make it possible to store wheat for short periods on the ground n the open or in other temporary ways, CCC will grant "distress" grain loans immediately. These loans will be granted with the definite understanding that the armer himself is to build or acquire satisfactory farm storage facilities within not more than 90 days. When he does and the wheat is properly housed, the "distress" oan will become a regular loan under the CCC price support program. It is further rovided that 75% of the full support level will be advanced to the farmer at the time e takes the "distress" loan. Quality and grade will be determined at the time the rain is put under the "distress" loan. The farmer will not be responsible for hanges in grade and quality which may occur during the period of the "distress" oan. However, in areas where it is not feasible to store grain on the ground and where storage facilities are not available CCC will undertake to find suitable emer-ency storage. Furthermore, the government will lend farmers up to 85% of the ost of building storage bins, money to be returned at the rate of five annual installments or earlier, interest at 4%. Also, under the new program CCC will construct 0 million bu grain storage of its own at country and track-side points in areas where insufficient storage is available.

This news naturally had a very bullish significance, because it was regarded s almost certain that we are no longer raising wheat to be sold at prices lower than he loan if the government has an opportunity of making it possible to place it under torage. Furthermore, they are in the market soliciting offers for immediate deliv-ry of warehouse receipts, apparently under their export program. It was a fore-one conclusion, therefore, that our market would be sharply higher. In addition to he political news, there were rather widespread and scattered showers in the outhwest, with as much as 2 inches rain in parts of the Texas Panhandle. The fore-ast is still for unsettled conditions in Nebraska and the Southwest. There was no precipitation of consequence Northwest, although a few light showers may occur onight or Thursday with slowly rising temperatures. With harvesting operations delayed, there is naturally no pressure on the market. At this point we should like o correct an error in yesterday's letter, in which we stated that Kansas City premiums were a shade lower. Actually final advices showed that the basis was about 1¢ higher.

The Baltimore Sun, a most reliable paper, has estimated that the adminis-ration's "Fair Deal" program would in the course of the next fifty years cost 1 rillion, 250 billion dollars. Another eastern source points out that this is equiva-lent to the wealth that the world has accumulated over the centuries. However, the social planners tell us that the grandiose welfare plans are a mandate from the people and that their wishes must be respected. We have our grave doubts on that score. Burdensome taxes and huge public debt in order to take care of all these schemes are as much the concern of Main Street as of Wall Street. They touch the pocketbooks of all; none escapes. Taxes of all kinds are passed on to the consumer hrough the food he eats and the clothes he wears; in fact, through all the necessities f life, as well as luxuries. At the present time the number of civilian federal em-loyees, together with the total number of government workers, including those in tate and local governments aggregates more than 6 million. This means about one worker for every six families in this country. The estimated government payroll s in the neighborhood of $14 billion. It is our feeling that the granting of loans on wheat stored in the open with county agents guessing the weight will add further o federal liability.

Today's statistics did not account for much, but there was a rush at the opening to cover commitments. It is difficult even now to evaluate what this program will do by way of holding grain back on farms. Undoubtedly, some producers may not be inclined to build additional storage. Time alone will tell. Advances at Kansas City were even greater than here. Coarse grains and rye were influenced by wheat.

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CHICAGO, 4

June 9, 1949

There were further rains in the Southwest and in some areas very heavy, ranging from 1/4 to 1 1/2 inches over many parts of Oklahoma, while reports from Lubbock, Texas, stated that heavy rains had battered the South Plains areas for the fourth night in a row. There were hail and high winds reported in many sections with the precipitation running as high as 2 to 2 1/2 inches in some sections, which, of course, is unfortunate coming at this time of year. There is still an unsettled condition, so that the early optimism is beginning to be questioned a little unless we get clear skies before long. On the other hand, there was not much rain in our Northwest, and the forecast is for generally fair tonight and Friday, with rainfall light, if any occurs at all. In the corn belt only a few light showers are expected in western Iowa.

Trade is still trying to analyze the effect of yesterday's statement made by the Secretary of Agriculture. According to present reports, experts in the Department were swamped with phone calls from all over the country asking for details and apparently many of the questions could not be satisfactorily answered. One official stated that there had not been time yet to work out all these operating details, and until they could be thrashed out they were just as much in the air about procedure as any of the producers or government people in the field. Thus one can only surmise what the grain trade will have to cope with in the weeks ahead. One thing, however, appears certain: namely, that the administration is determined that no farmer who produces wheat of a quality that can qualify for price-support loans should have to sell his grain below the loan level. While it may be anticipated that wheat stored on the ground may be confined to the Southwest, even Official Washington is not yet prepared to say where the cutoff line will be. Furthermore, nobody can be certain at this time what the farmers' attitude will be with respect to building additional elevator space in order to qualify for the 90-day ''distress'' period, because it has recently been brought to the producer's attention that a sharp acreage decrease might be called for next year. Certainly nobody would want to put up a lot of storage now that might never be needed again. Therefore, we shall have to await further developments before entertaining definite views at this point. One thing must be noted, however: namely, that the adjustment between old and new crop positions is taking longer than anyone had dreamed of. First of all, with the carryover largely in the hands of the government, there is little free wheat available for commercial users; secondly, the new wheat that is now coming to country points is largely going on storage, and the possibilities are that much of this may be impounded unless the price advances considerably between now and end of December. However, present high premiums over July wheat that are ruling at Kansas City cannot last; therefore, there must still be a distinct narrowing between cash and futures, but, of course, the delayed harvest due to excessive moisture is a hampering influence.

Primary receipts of wheat amounted to 1,713,000 bu; this compared with 2,356,000 bu last week, and 1,958,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 61,000 bu.

The Northwestern Miller was quoted as saying that while official action had not been completed on rules with respect to the government emergency grain loan program, indications from responsible sources were to the effect that where a 75% loan was taken on ground-storage wheat that government responsibility for grade would only cover the three months' period. It was indicated that upon transfer of this wheat to farmers' bins, there would be a reinspection. The government would stand ready to accept any loss which occurred during the 90-day period, but if the wheat before entering the regular loan did not meet storage standards that the farmer would not get the additional 15% to bring his loan up to the full 90% of parity. However, official instructions ready for the handling of ground-storage wheat are not expected until next week.

Markets were much quieter after yesterday's short-covering. Wheat and corn prices were fractionally lower and apparently there is not much bullish enthusiasm even though many people now regard it as unlikely that the market will decline much under artificial influences being instituted. A little more corn was booked than recently but still no large accumulations taking place.

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CHICAGO, 4

June 10, 1949

Considering that western Kansas and many of the areas West of the 100th Meridian were known as the "dust bowl" some years ago, it is almost impossible to believe that so much rain could be experienced during a season as we are getting at the present time. We recall the various theories that were promulgated at that time with respect to abandoning the drought sections, but apparently nature is making up for the deficiency that we had during the 1933-36 period when our readers may recall that in each of those four crop-years we raised less wheat in this country than was actually consumed. They made it necessary to import from Canada even though our home utilization at that time was very much smaller than at present. For example, in 1933, we had a total wheat production in this country of only 552 million bu; in 1934, 526 million bu; in 1935, 628 million bu; and in 1936, 630 million bu. This afternoon the government will make its estimate on both winter and spring wheat, the latter being the first of the season, and very likely a crop of about 300 million bu will be forecast. Whether winter wheat has been reduced much owing to the severity of the season is difficult to say, but undoubtedly certain sections have deteriorated due to hail, tornado, and other causes. Nevertheless, it is quite likely that the total will still be more than twice as great as the amount of wheat harvested during the meager years of drought, all of which indicates that eventhough there is excessive moisture, it is far better than a dry spell. Naturally increased acreage is also a factor, but we are looking forward to the sixth successive billion-bushel wheat crop, which is certainly a tremendous achievement, as only once before in history: namely, 1915, could we make a similar boast, when the total yield was 1,009 million bu.

The overnight rains which were heaviest in western Kansas, Texas, and Oklahoma have practically brought harvesting operations to a standstill; thus the movement is being further impeded, but with some additional advance in price, a fair percentage of the country receipts are being sold, and possibly this is due to the general confusion with respect to what the government will actually grant in the way of a "distress" loan. Our advices this morning do not clarify matters appreciably. Apparently determination of grade and quality will be made at the time the grain is put under the "distress" loan, but it must again be checked before the grain goes into permanent storage. While the farmer will not be responsible for changes in grade and quality which may occur during the 90 day interim period, the question arises as to what tolerance will be allowed if upon reinspection the grain is no longer eligible for a further loan under the rules. Should the government auotmatically take title to the wheat at the price first advanced: namely, three-fourths of the full loan level, it would bring quite a hardship to producers. We imagine that until positive decisions are made on this new regulation there will continue to be differences of opinion on the modus operandi.

Since August 1st all exporting countries have shipped 787 million bu wheat and flour, of which the United States contributed 431 million bu, Canada 183 1/2 million, Australia 98 million bu, Argentina 50 1/4 million bu, and Black Sea 24 1/2 million bu. Our exports since the start of our crop-season, July 1, 1948, have been 476 1/4 million bu, indicating that the total goal of 500 million bu is almost sure to be reached.

Primary receipts of wheat amounted to 1,660,000 bu compared with 1,585,000 bu last week, and 1,337,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 86,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 614,000 bu

Markets were firm early, later on there was profit-taking and some professional selling, but reports from the Southwest are not nearly as optimistic as they had been lately, and we must be prepared now to revise our thoughts downward with respect to yields. In the final analysis, it will depend on the type of weather we have from this time forward, but apparently some permanent damage has been sustained. Volume of trade seems to be much lighter, and there is no general enthusiasm to buy grains as the price gets close to the $2.00 mark. Strangely enough, the government loan this year is apt to be more of a ceiling than a floor; many farmers evidently would be willing to sell their grain if prices went somewhat higher, rather than be bound by redtape and other government regulations. Flour sales were a little more active, and this apparently had a firming influence on the cash market at Kansas City. Corn prices were somewhat lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 13, 1949

Rains over the week-end were widespread, and in some sections very heavy. Moisture in the Northwest was, of course, welcome, but in parts of Texas and Oklahoma where harvesting operations have been impeded, there is bound to be some damage, and particularly to test weight, where farmers are kept out of the fields until weather improves. We can hardly recall a season when rains had been so incessant and so heavy, but whether the damage reports are correct is difficult to say. We ourselves have reservations as to whether 200 million bu should be taken from the recent government report in order to make the proper adjustment; yet, one expert has come out claiming that the damage has been quite extensive.

First of all, there is nothing certain yet that rust will spread in Kansas and Nebraska because of moisture; furthermore, with wheat selling at these prices, we doubt whether farmers will let much wheat stand in the fields, because, after all, when they can get a loan of $1.93 per bu every effort will be made to bring in as many bushels as they possibly can rather than to let the wheat rot in the open. In any case, early reports indicatethat harvesting operations all over Texas and Oklahoma were at a standstill; consequently, there was not much pressure, but yet premiums at Kansas City took a sharp dip this morning, and this tempered to some extent bullish enthusiasm. Moreover, not much credence was paid to the extreme reports indicating damage of an additional 100 million bu, bringing the winter wheat crop to about 850 million.

Meanwhile, of course, we have other considerations in addition to the size of the crop. We are referring now to the government's various programs to get all possible wheat under the loan. Secretary Brannan, at a Democratic Conference in Iowa, called for public support of the Truman administration farm policy in order to prevent the greatest economic crash in history. He described the so-called Aiken Long-Range Farm Law as inadequate, and possibly there will be some measures adopted to prevent it from becoming effective in 1950. However, we doubt whether the Congress is ready to take up the Brannan program of subsidizing the farmer--first of all, there has been no price tag placed on the plan; furthermore, it does not seem to have much of an appeal to the farm group, as too many of them think that if agricultural prices seek their true levels, and money is paid out of the public treasury that it will be regarded as charity or as a dole, and that later on some subsequent Congress might reduce the amount of the payments.

Primary receipts of wheat totaled 2,193,000 bu vs. 2,280,000 bu a week ago and 2,227,000 bu the comparable day of last year. However, Milwaukee was missing in the report. When the visible was posted wheat showed an increase of 4,120,000 bu, bringing the total to 93,115,000 bu, or 54,253,000 bu greater than a year ago. Chicago stocks of wheat increased 219,000 bu, leaving 6,369,000 bu in this market. Corn stocks here also decreased 172,000 bu, making the total 2,038,000 bu.

Flour business is reported as being rather slow, with the majority of buyers waiting for an enlargedmovement of the new crop to get under way. Despite the delayed harvest, cash premiums ruled considerably easier in Kansas City and were reported to be 5 to 7¢ lower. Bullish enthusiasm also was lacking in this market and all pits were more or less under pressure throughout the session. While the Kansas City office of the CCC continues to ask for offers,apparently no business is being booked and their purchases were nil for the period ending noon on Friday. From all over the territory, reports are being received of excessive rains.

The Senate Expenditure Committee voted overwhelmingly to direct President Truman to trim a minimum of 5% from next year's spending plans estimating that such a reduction would lead to a saving of between $2 and $4 billion for the fiscal year, beginning July. Such a measure would have to pass the House and there is still a possibility that the President might veto same.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 14, 1949

The United States Senate has ratified the treaty for the International Wheat Agreement, and no doubt sufficient countries will also approve of it, so that it will go into effect on the new crop. It assures the United States of an export outlet of 168 million bu for each of four years. Together with other areas supplied by our Army we have an outlet for probably 325 million bu annually for the duration of the agreement. The maximum price is not to exceed $1.80 per bu, basis Canadian wheat at Ft. William, but minimums start at $1.50, declining 10¢ per year until they reach $1.20 in the fourth year. It has been figured that the formula would permit maximum prices of about $1.73 and minimums about $1.37, basis Kansas City. So it will take subsidies to move our wheat even if it were purchased at current levels considerably under government guarantees to the farmer.

Secretary Brannan recently estimated that a reduction in wheat production to one billion bu annually would leave a wide margin for export, and in his recent statement regarding wheat acreage allotments, it was indicated that the acreage would be gauged to produce this quantity. In speeches yesterday at Des Moines, Iowa, the Secretary urged acceptance of his proposed plan of agricultural price supports, and others asked for continuance of the present 90% support price for another year, stating that they do not believe the Aiken Law now on the books gives enough income protection to prevent farm depression. It would also give Congress an opportunity of going more thoroughly into the support situation. Meanwhile, the new storage plan seems to be meeting favorable reception, and it would guarantee full prices for any wheat that might deteriorate while stored on the ground, provided they met loan requirements on the original inspection, although only 75% of this would be advanced initially. The farmer would be expected to stand any grade change after reinspection at the time of putting wheat into storage bins.

The foregoing is all of an artificial character; meanwhile, nature is taking a hand, endeavoring to shape its own destiny. There is little doubt that the extremely wet weather Southwest has done considerable damage to the crop, while at the same time lack of rainfall has been detrimental to spring wheat in the Northwest. We have advices from three friends in that area talking of deterioration. This refers principally to southwestern North Dakota, southeastern Montana, but most of the other areas are satisfactory, although other parts of Montana are starting to complain again and sections of Minnesota are not doing the best.

There was not a great deal to our futures market today, but prices ruled firm. Premiums in Kansas City tended toward some firmness, and were a little higher after yesterday's sharp break. The Army awarded contracts on 180,000 sacks of flour this morning, and the PMA are asking for offers to be submitted on 700,000 sacks tonight for acceptance tomorrow. Domestic flour business is again poor, but an advance in mill feeds has reduced flour prices, which may be somewhat of an aid in increasing sales volume.

The country still does not sell much corn, but as the Ohio area can make sales to the East cheaper than our relative spot basis in Chicago, it lessens our ability to make sales, and only corn of special billing can compete. Local receipts are largely absorbed by our industries, and there is no incentive for buyers to reach out for corn, as they feel that on moderate advances they could always buy from the country whatever they needed. There were very good rains over the corn belt, which will continue the good start this crop has enjoyed.

Primary receipts of wheat were 2,206,000 bu, down from about 3 million a week ago, but just about equal to last year. Interior southwestern markets are getting only small receipts because of wet weather, whereas a year ago at this time receipts were increasing, and were almost 1,000 cars a day in Enid. Today's receipts at that market were 147 cars. Stocks of wheat in Kansas City and Minneapolis have increased 250,000 bu so far this week, entirely in the latter city.

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CHICAGO, 4

June 15, 1949

Weather in the Southwest was very much better, and while rains have been extensive and heavy, an official of the U. S. Department of Agriculture pointed out this morning that he discounted staggering damage to wheat in the Southwest from rain. He further stated that his own crop reporters would certainly have said something had the reduction been as great as others pointed it. We ourselves have felt that way for some time, but recognize that it is difficult to sit in an office and try to determine what is taking place in the fields. We do not like to depreciate the ability of those who are trying to do an honest job, but feel that the government has so many more agents throughout the country that they naturally obtain a better picture of what is taking place than any individual who tries to assemble his own data. It is encouraging to find that the next two or three days will probably remain clear, and under the circumstances harvesting operations are being resumed in those areas where the rains were not too heavy. Elsewhere it will naturally take a longer time to get farm machinery working again because in some of the low places land is so muddy that after 10 or 12 inches of rain the ground dries out slowly. Nevertheless, there must be every effort made on part of the farmer to get his wheat in if it is at all possible. The price incentive is there, and it is quite a different story from before the war when wheat was selling for 60 to 80¢ a bu at Chicago, and at a much lower price on the farm. There are going to be some problems because a good deal of wheat now is testing 13 to 14% moisture, and it may not store too well in country houses, but these are all difficulties that have to be met, and in the past the grain trade has solved many questions that appeared pretty bad at the beginning of a crop-year when so much grain moved at one time.

After all the farmer is harvesting about 500 million bu more wheat than he did in the ten years prior to war, and while the government is doing everything in its power to see that he can get the loan if wheat originally grades, even some deterioration for which he may be responsible will be more than offset by the fact that price has held so high during the period of heavy production. According to a message from Dow-Jones, yesterday was the biggest harvest day of 1949, in the area of northwest Oklahoma. Combining said to be still stymied only in areas where Sunday's torrential rains were worst. Yields were reported running from 10 to 20 bu compared with 25 and 35 bu forecast earlier. The consensus is that Oklahoma's total crop will be under the last government report by from 25 to 30%.

Primary receipts of wheat amounted to 1,249,000 bu compared with a little over a million bu last week and 1,304,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 452,000 bu.

The cash basis for wheat in Texas was as much as 3¢ per bu lower and advices from there indicated that harvesting operations would be resumed this afternoon at many points. On the other hand, there was very little pressure on the market and one of the eastern advisory groups, which apparently had been bearish on the market, had advised customers to cover, and go long. This apparently found the market rather bare of offerings, and after some hesitancy and weakness, there were rather sharp reactions. Also a factor today was the awarding of some flour contracts by PMA for shipment by July 12th to Gulf ports. On the other hand, domestic business does not show much indication of picking up and from what we hear the demand is mostly from hand-to-mouth.

New wheat at Kansas City also sold on a lower basis but yet the premium of 22 1/2¢ over July is extremely high considering that sooner or later cash and futures have to come closer together. It seems rather difficult to have pronounced views for the reason that the short side is not too attractive in view of government support and all other factors; yet, when the price gets around the $2 level, this enables cash prices in the country to attract more wheat from farmers and we believe that while tremendous quantities will be impounded, that, nevertheless, moderate selling will take place.

The Kansas Weekly Crop Report indicated that a general delay in harvesting was made necessary because of wet weather but likewise it was stated that if there were no additional heavy rains that operations should be in full swing over a large area of south central and southeastern Kansas by the first of next week. Black stem rust has been reported in a number of south central, southwestern and central counties. The report calls attention to the fact that excessive rains caused some damage, but yet frequent rains and cool weather have benefited late wheat and have been an aid in wheat filling.

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CHICAGO, 4 June 16, 1949

It is expected that within the next few days a new farm bill will be introduced before the House which would in principle scrap the Aiken Law, and would continue price-support loans at 90% of parity on the six basic crops: namely, cotton, corn, wheat, rice, tobacco, and peanuts. It is also reported that a further feature of the new bill would give Secretary Brannan an opportunity to experiment on a limited basis with some features of his new proposed farm program: that is, providing higher income to farmers through direct payments of subsidies, while at the same time allowing market prices to rise or fall according to demand. In accordance with one Washington press dispatch this morning, ranking Republicans of the House Agricultural Committee are willing to cooperate in extending the 1949 farm price-support level on the above mentioned commodities for another year. The position of the Senate is not quite so clear, as Senator Aiken, sponsor of the present bill that would become effective January 1, 1950, is the ranking minority member. As a matter of refreshing memories, the original 90% loan was granted for a period of two years following the cessation of hostilities. It was written into law in order to induce farmers to produce all foods possible during the war emergency, and then to provide an adjusting period of two years to protect farmers against declines anticipated for the immediate postwar era. Later the 90% loan was granted for the third year, and now it is proposed for a further extension to cover the fourth year. Thus we have another example that when special privileges are granted, it seems difficult to shake them off from a standpoint of political expediency, and we again face another year of unrealistic loan values.

We presume that if the 90% loan is extended it will necessitate some drastic cuts in acreage. The inducement will still be there to raise wheat and other grains for the loan rather than for consumption. As long as high loan values persist even though acreages are curtailed, every inducement is given to the farmer to get the greatest utilization possible out of his land, whether through fertilizers, higher grade seed, summer fallow, or what not. Unrealistic loan values seem to cause new emergencies to continually arise and the use of temporizing regulations such as the loan granted this season for wheat on the ground in order to stave off the evil day thereof.

The Searle Grain Company of Winnipeg, Canada, in a special supplement, points out very forcibly, speaking particularly for their country, that whenever governments or other authorities artificially set a price for any one commodity, then that price quickly becomes out of balance with general economic conditions. The price soon becomes either too low for the welfare of producers or too high for the welfare of consumers. Artificially "set" prices have in the past had bad effects by irritating consumers, inducing them to seek substitutes and to attempt to enlarge their own production, thus piling up greater difficulties for export producers in future years.

There were no rains reported overnight throughout the Southwest and none forecast for the next twenty-four hours. Harvesting is again getting under way, but according to reports received, the farmer's willingness to sell wheat is somewhat mixed. One report from Amarillo, Texas, states that the farmer seems to be willing to sell quite a little wheat at the present prevailing cash price at country stations, while on the other hand messages from Great Bend and Hutchinson, Kansas, state that they do not anticipate much selling around the present level. From Colby, Kansas, we received a wire stating that little wheat, if any, will be sold at present discounts, and hundreds of storage bins are going in through that territory. Of course, much is going to depend on the quality and test weight. There has not been enough wheat moved as yet to formulate a definite opinion on this subject.

Primary receipts of wheat today totaled 1,643,000 bu compared with 1,713,000 bu last week, and 2,425,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 583,000 bu.

Cash premiums in the Southwest were about 4¢ to 6¢ per bu lower, and from reports we received buyers are not particularly interested. There is little or no sign of pick-up in the flour business, and with harvesting operations increasing, some discouragement was felt by those who were bullishly inclined and liquidation was noted. As far as the immediate price trend is concerned, the clue to the situation is the willingness of farmers to sell wheat somewhere around present levels. We believe until the lush movement has passed that the bull will be more or less on the defensive.

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CHICAGO, 4

June 17, 1949

Apparently the administration's strength is being thrown behind the Brannan Farm Income Support Program, and the thought exists that it will be forced through either during the present session of Congress or by next year. If there is to be a change in operation of support programs from high loans to subsidies we would rather see the change made on all commodities, including the six basic crops. We are not discussing the matter of cost but it would at least give free and open markets and the producer would have a better opportunity of judging what his product is worth in world's markets, and possibly cut his pattern accordingly rather than to operate under the artificial situation caused by unrealistic and high loans. It would also place all farmers on an equal footing and not make a more privileged class out of producers of certain crops than of others. However, it must be realized by all producers that whatever programs are to be carried on they will be called upon to make some sacrifice of their liberty, whether it is through acreage reductions or what not. As strong and powerful as this country is, we cannot continue to make the excessive payments of the past few years, which have been an inducement to raise everything possible. Dr. Floyd A. Harper has recently written an interesting booklet called: "Liberty - A Path to its Recovery." He points out that the late Justice Oliver Wendel Holmes, who was one of our great thinkers, once said someone must exercise command of the disposition of goods and services that have been produced, and that he knew of no way of finding the fit man so good as the fact of winning it in the competition of the market. Dr. Harper further points out that: "Economic liberty is absent to whatever extent a person is prohibited from using his talents and his property to produce and sell anything he desires at whatever price is agreeable to him and the buyer."

Rather beneficial rains fell in Canada overnight which were all very welcome. Sanford Evans reports that in the Prairie Provinces growth and germination are now reported to be in good condition except in the central part of Alberta and south central and southwestern areas of Saskatchewan where more rain is required. In looking over statistics of our neighbors to the North, since August 1st to the week ending June 9th, or forty-five weeks, they have exported approximately 184 million bu. This leaves available for export and carryover for the balance of the season approximately 135 million. If the tempo of export shipments should average for the remainder of the season what they have been for the forty-five weeks, it would leave about 32 million bu to be added to their carryover, bringing same up to around 107 million bu on July 31st.

This country has been conducting a tremendous export program, and according to figures just released by PMA our grain exports in May totaled approximately 65 1/2 million bu, placing the total for eleven months at about 638 million bu, and come within striking distance of the projected high record of 700 million for the entire year.

In connection with ground storage loans, it was announced that these would be made only in the four States of Texas, Oklahoma, Kansas, and New Mexico. The decisions will be made by State and County Committees as to individual localities. It is presumed that eastern Kansas is eliminated from qualifications due to the fact that it is generally too damp for successful ground storage.

Weather in our Southwest was clear and apparently harvesting was increasing although the five-day forecast indicates some showers and thunderstorms, principally Saturday and Sunday, in the western sections, with local showers in southeastern Kansas and eastern Oklahoma.

Primary receipts of wheat today totaled 2,187,000 bu vs. 1,660,000 bu last week and 1,715,000 bu, the comparable day of last year. So far this week Kansas City and Minneapolis stocks show an increase of 799,000 bu, and when the visible is posted on Monday it will be compared with an increase last year of 2,197,000 bu.

Harvesting news is still a little mixed. We received a message from Amarillo stating that yields were continuing much better than had been expected at most stations, while on the other hand an item from Hutchinson indicates first yields from several sections around Castleton and Pretty Prairie as running rather low in test weight. At the moment it is difficult to evaluate the amount of wheat which will be offered for sale by producers in view of the ground storage loan, although in some sections sentiment is changing, and it is felt that farmers unable to get outside storage might be freer sellers of wheat.

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CHICAGO, 4

June 20, 1949

Rains over the week-end were not heavy anywhere. A few scattered showers occurred in parts of the Southwest but hardly enough to impede harvesting operations. On the other hand more moisture could be used Northwest and in Canada, and there also it was very light. Apparently there is no improvement in the threshing returns from Kansas and no doubt yields over rather wide areas of southern Kansas are now disappointing, so that undoubtedly we are going to have to revise our estimates considerably from the government report issued earlier this month. The movement in southern Oklahoma was never very heavy, and only a small proportion of the wheat was offered for sale, probably the bulk of it going into government storage within that State. Chances are that most of the pressure is already over and it remains to be seen now how large the crop has been. Some figure that only 70 million bu may be harvested, but with 7 1/2 million acres this would mean less than 10 bu to the acre, and it looks to us as though totals might be somewhat higher, although quite a reduction from 108 million bu which was forecast officially a few weeks ago. In Texas, adverse weather kept farmers from harvesting as early as might otherwise be the case, and there is still a good deal of wheat apparently to come forward. But all in all with test weights in some districts running lower than had been anticipated, this will finally cause some reductions in that State also, but probably not to the same extent as wheat was damaged in Oklahoma. Instead of having some hedging pressure, as we ordinarily find at this time of year, there was mill buying this morning, and immediately this caused a little flurry, with local sentiment more inclined to take the constructive side of the market in view of changed crop conditions.

In Kansas with 16 million acres we believe that conditions are more spotted While some pessimistic reports came in we also were told that the first load of new wheat had arrived at Topeka. This grain tested 60 lbs. and indications were that they had harvested 30 bu to the acre. Moisture ran somewhat higher than would be safe for good keeping qualities: namely, 15.4, but it remains to be seen yet how much reduction will be counted for that State, and we shall probably have to wait for more threshing returns before coming to much of a decision. In Canada the outlook is not for a bumper crop, despite a large acreage; early moisture conditions were far from good. However, during the last three or four weeks there has been marked improvement. The National Grain Company, in a crop survey, dated June 18th, indicated good conditions for Manitoba and Saskatchewan, although rains are claimed to be needed immediately. In Alberta, conditions are somewhat more mixed but a good many sections require moisture very soon. The Peace River area is reported good to fair. Some of our friends tell us that there is a possibility of raising 350 million bu, and under those circumstances fair quantities will be available for export.

When the visible supply of wheat was posted, there was an increase of a little more than one million bu; total stocks in all positions amount to 94 million bu, which is 53 million more than last year. Corn increased 124,000 bu to a total of 9.6 million compared with nearly 5 million bu last year. Oats increased 478,000 bu but still there is only 5 1/4 million bu in various locations vs. 1.7 million bu a year ago.

Statistics did not count for much, nor was the lower cash basis at Kansas City much of a factor, although it may have caused a little profit-taking from time to time. Premiums in that market were about 5¢ down. However, they had been considerably higher on Saturday. Kansas City futures were very strong. Nor was much attention paid to the milling demand, which apparently is very slow with export volume almost nil. There seems no immediate chance for a pick-up, although there must be some business passing, and we commented earlier that hedges were taken out of our market at the opening. The main feature right now is crop damage, which undoubtedly is being confirmed in many districts, and threshing returns on the whole are very disappointing, all of which counts up to the possibility of having a considerably smaller crop than was earlier anticipated; nevertheless, it still promises to be considerably larger than normal. Carrying charges seem to be disappearing, and this is understandable as there is no pressure yet on the nearby months. However, Illinois wheat is just beginning to be cut, and it may be a different story a few weeks hence; yet experience has been all during the loan period that when large quantities are impounded, the nearby positions are relatively firm. Still, this is not always true at the beginning of the crop-season when the movement is on.

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CHICAGO, 4

June 21, 1949

There was not a great deal of grain news overnight. Weather was mostly clear although there were some pretty heavy rains in parts of Iowa and some rather light showers in our Northwest, but precipitation Southwest did not amount to much. Apparently there has been enough damage already sustained that the trade feels, and probably rightly so, that sharp reductions have already taken place in the winter wheat crop. Reiteration of these reports is naturally being heard from various parts of the country as threshing returns come in, and, therefore, it may be difficult to bull the market perpetually, because after all it does not indicate any further reductions than probably those already known. For example, we had a message this morning from Wichita, Kansas, that elevators in that area were taking a good deal of light test wheat, testing anywhere from 49 to 60 lbs. East of Wichita the wheat was heavier indicating less damage. However, at Medicine Lodge and through that area there were some fields so poor that they did not think wheat would even be cut. Apparently this mixed situation is pretty general, and while some reports are very bad, there are others that will run as high as 40 bu to the acre, but apparently with so much light test wheat total returns will be cut considerably; yet if the average for Kansas were only 14 bu per acre, it would still give us a crop of 224 million bu. However, we have not heard anyone speak that optimistically; consequently, we shall have to wait for another week or two before we can get more accurate determinations on the outlook.

When our market opened this morning, prices were very firm, and shortly after there were advances, probably a good deal of this being due to the fact that there is so little pressure, and we are not getting many hedges placed while ordinarily at this time of year, with a billion-bushel wheat crop, it is quite a different story. At the same time the government is doing everything to encourage the farmer. This is true not only with respect to wheat, but to other grains as well in an attempt to make loans effective. We heard this morning from Washington dispatches that CCC had broadened its program to include all grains, insofar as "ground storage" was concerned. This apparently is to take place when emergencies arise, and the extension makes it possible for State PMA Committees to advance 75% of the normal price-support loans on any grain where ample storage is not available. The same proviso, however, directs that the producer must agree to construct farm storage to take care of any "distress" grain within ninety days. Under these circumstances it becomes more evident that the government does not want to see grains selling for less than the loan price, and at least encouragement is given to producers to obtain that full value if it is at all possible. This makes the short side of the market unattractive, despite large crops that have been raised. Apparently they are also looking ahead to a carryover of about 700 million bu corn, with the possibility of another big crop following. Sufficient inducements are also given farmers to construct storage at home, and CCC will loan up to 85% of the construction cost, repayment to be made over a five-year period.

We are beginning to get some crop reports now from the Northwest, most of them claiming fair to good rains during the past week. We believe, therefore, that growing conditions are satisfactory, particularly some of the dry spots in eastern Montana and western South Dakota having received 1/2 to 1 inch of moisture last week. One party claims that relief came too late in the southeastern part of Montana to repair damage already sustained. For parts of North Dakota and Minnesota conditions seem to be quite optimistic; in fact, one of our friends claims that they have as good a prospect as he had ever seen.

Primary receipts of wheat were slightly over 2 1/2 million bu, somewhat higher than last week, and a little less than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 285,000 bu.

Influenced by the great strength at Minneapolis, and also the removal of hedges probably against flour business, our market was very strong, although best prices of the day were not quite maintained. Still all wheat futures, with the exception of the March delivery, closed today at over the $2.00 mark. The carrying charges showed a tendency to widen, and we understand that some wheat from Illinois is being offered to come to Chicago. Therefore, we have not yet given up hope that there will be discounts for the nearby months, at least until consumption catches up with accumulations. True, a good deal of wheat will be in storage, but there it takes up room, and for that reason we believe that early carrying charges are likely. Corn prices were a little higher, but there was resistance and the action was not good considering that the leading cereal was so strong and active.

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CHICAGO, 4

June 22, 1949

There was nothing much in the overnight news. A few light showers had occurred in our Northwest, also some in Canada, but probably not enough to do very much good. However, it was mostly fair in the Southwest, and to that extent harvesting operations are continuing, although reports from the growing areas were predominantly of a bullish tenor. We hear some reports on Kansas as low as 150 million bu; others are somewhat higher, but in any case the extreme optimism that existed two or three weeks back has disappeared, and we are convinced now that when the next crop report is issued a good deal of this damage will be reflected in the new figures.

It seems to be more or less the pattern that under our loan program, which started in 1938, lowest prices are generally reported in either July or August, and we believe while there may have been one or two exceptions, it usually worked out that way. This occurred even though the loan was effective, and a good deal of wheat was kept from commercial channels. Highest prices were then reached either in March or later, although in one or two cases we believe that the peak came sometime in January. But we mention this because, despite the fact that heavy reductions have taken place, we are still confronted with a very large crop, and taken together with the carryover reserve of some 300 million bu, we are going to have a big stock of wheat, which only heavy exports can reduce to about the figure which we shall realize on July 1st of this year. There have been some years when prices were above the loan early and in some cases under the loan, but, of course, a good many calculations were discarded last season when it became obvious that with a bumper corn crop, it was so difficult to boost corn prices, although with more storage space being built throughout the country, a good many tanks being erected right on the farms, and the government now permitting grain to be stored on the ground, probably including oats, corn, sorghums, etc., withholdings from usual commercial channels may be greater than ever. Apparently warm, drying weather during the past week caused fields in Kansas to ripen rapidly throughout the State. However, the weekly crop report points out that the extended period of wet, humid weather, together with leaf rust, glume blotch, mosaic diseases, etc., have all taken more toll with the result that smaller and shriveled grains are now being reported, and in some cases heads with few or no kernels at all. Thus deterioration, particularly in the western two-thirds of the State, is responsible for the poor threshing returns which we are getting. We heard some reports today that fields which had previously been figured at 25 bu to the acre are now yielding only 10; therefore, it is difficult to make estimates of the crop that are at all accurate.

We had advices this morning from the East that drought might seriously affect the feed grain crops in those areas. In other words, the quantities harvested might be much smaller than are ordinarily consumed, and certainly a good deal less than last year. For that reason other parts of the country will have to ship more feedstuffs, all of which is having some effect on the December future, although as a matter of fact, there is no shortage anywhere, and the carryover at the end of the season will probably be one of the largest we have ever had. In the Central States and over most of the corn belt, conditions are almost ideal and optimism is generally expressed.

Primary receipts of wheat amounted to 1,880,000 bu compared with 1,249,000 bu last week and 1,322,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 474,000 bu.

The wheat market was a little easier but, of course, reactions were not surprising in view of the great strength displayed during recent sessions. Naturally there is going to be some pressure when the movement increases, and we understand that Chicago elevators continue to book No. 2 wheat for September 20th shipment at 4¢ under September, and July 20th shipment 3 1/2¢ under July. Meanwhile mills have booked some fair-sized orders, but most of the demand is for nearby delivery. Corn was quite strong although most of the buying came into the new-crop futures.

The U.S. pig crop report as of June 1st shows an increase in sows farrowed this spring of 15%. Hogs on farms over six months old on June 1st, 22,946,000 or 3% less than last year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 23, 1949

The Bureau of Agricultural Economics released today its pamphlet dealing with the wheat situation, but, of course, much has changed since the time those figures were compiled based on the June report. They speak in the article of a total wheat stock of 1,635 million bu for 1949-50, which would be the largest on record, exceeding slightly the 1,600 million bu we had in crop and carryover in 1942-43. To the extent that the reserves will be 300 million bu, there has probably been no change, but trying to re-evaluate the winter and spring wheat crop, which stood at 1,335 million bu earlier this month, we know that there has definitely been tremendous deterioration; thus this report should be regarded in light of changed conditions. However, using some of their other figures, the domestic disappearance may total 685 million bu, of which about 480 million would be for civilian food, 125 million for feed, and 80 million for seed. The latter, of course, would vary according to acreage, and the way it looks now the Secretary of Agriculture may not be required to call a referendum if the official July report shows a heavy reduction in prospective yields. Then they go on to say that if exports from the United States total 450 million bu, the carryover one year hence would be about 500 million bu. Of course, many of these statements are surrounded with ''ifs'' and ''ands.'' First of all, the size of our shipments will depend so largely on foreign crops in both exporting and importing countries. Furthermore, the foreign policies of our own country will continue to be very important in determining our action in either accelerating or reducing the amounts placed afloat. In the event the crop has been cut 200 million bu, then our carryover a year from this July would be about 300 million bu, or virtually the same as we have on hand now.

There seems to be no improvement in the reports coming from Kansas, and most threshing returns are still far below earlier estimates. Harvesting of wheat in Texas is getting into full swing now, with some stations on the South Plains reporting 50 to 75% completion. However, in the Plainview territory progress has been only 30 to 40%, but in any case there is practically no selling by the producer, and thus far he has been able to get storage either in elevators or on his own farm. Some claim that if the price gets up to $1.75 in Texas, farmers will sell a considerable quantity of wheat. However, this is just a guess, and if the price advances they may yet change their minds. While deterioration in Kansas and Oklahoma has been severe, most dealers in Texas believe that their State will come through with a 90 million-bu crop, and this seems to be rather conservative in view of what we have heard. Yields in Texas are certainly far better than farther North. Should present weather continue there will probably be a lot of wheat harvested during the next week, but after that probably country storage will become scarce.

Overnight weather was mostly satisfactory except for some rain in northeastern Kansas, and while the official forecast is for further precipitation, our own weather man does not look for much moisture except where it occurred last night. A few light showers were reported over our Northwest and in Canada. The intended wheat acreage for all Canada is 27 million bu, an increase of 12% compared with actual seedings last year. Timely rains have fallen over wide areas in the provinces, and have materially improved prospects. However, moisture reserves remain far below normal, and it will require frequent rains for the remainder of the season to produce a satisfactory crop.

Primary receipts of wheat amounted to 2,787,000 bu compared with 1,643,000 bu last week and 2,334,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 632,000 bu, the bulk of the increase taking place in the Northwest.

Markets were somewhat reactionary, not because of any pressure to speak of but rather some selling and profit taking. One of the eastern advisory agencies recommended selling out long commitments and staying on the sidelines, which may also have been an influence in the market.

Corn was relatively firm even when wheat was weak, and resisted selling despite some greater weakness which occurred in oats.

Milling business is generally reported as light.

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CHICAGO, 4 June 24, 1949

The overnight news was somewhat pessimistic from point of view that there were some rather heavy rains scattered over portions of the Southwest, the heaviest occurring at Liberal, Kansas, where there was almost 2 1/2 inches. They also reported 1/2 inch at Enid, Oklahoma, and at other points in Oklahoma and Texas; so coming at a time when there has already been considerable damage, the trade construed it in a slightly bullish vein. Threshing reports from the Southwest indicate even in the later areas that a good portion of wheat is light test. The rule seems to work both ways. In previous years when we had a good deal of wheat testing 60 lbs or higher, yields were tremendous, but with so much light wheat actually we have to revise our figures considerably. One of the experts, who had been one of the first to call attention to the blight and deterioration, now claims that in Kansas damage is continuing up the Union Pacific main line; yields are very poor, many of them no better than 4 1/2 to 7 bu per acre, and that as a result the State may do well if it raises more than 80 million bu wheat testing 55lbs or better; the balance will be lighter, and apparently this was a warning to the mills that they should adjust their rollers accordingly.

On the other hand, the news from Canada was a little bit better. Slight moisture has been reported over the Prairies, and it was also raining in the Peace River district, and it was thought that there might be further light rains over the Provinces during the next twenty-four hours. Sanford Evans claimed that during the past week the western Prairies have once again improved by widespread rains, with Manitoba and southern Alberta having received as much as one inch of precipitation. Growth of crops, he stated, continued bright except in the large area of central Alberta and south central and southwestern zones of Saskatchewan, where rains are urgently required to promote growth. Taking it all in all the moisture deficiency has not yet been corrected, and according to Searle Grain Co., rains which occurred during the present growing season from April 1st to June 20th in Alberta now stand at 50% of normal; in Saskatchewan, 63% of normal, and in Manitoba, 85% of normal. Thus the outlook can be for only a moderate crop at best.

It is not yet certain whether Secretary Brannan will call for a referendum on acreage reductions for next season. However, he has asked interested parties to submit their views to him by July 5th. We presume by that time one will have a better knowledge on probable yields, and it would be our guess that in view of deterioration, action will be held in abeyance for another season, particularly since we are intent on shipping such large quantities abroad.

Primary receipts of wheat were larger, and amounted to 3,207,000 bu compared with 2,177,000 bu last week, and 2,234,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 855,000 bu. When the visible supply is posted on Monday it will compare with an increase of slightly over 5 million bu a year ago.

Markets were very firm, but yet there was no great buying power considering the fact that someof the news from the Southwest is almost sensational. As an offset, we must admitthat crop news in the Central States and in the territory tributary to Chicago continues very good. We hear from one area that farmers are even using lights in an effort to get their wheat harvested and into elevators while storage is available. Nodoubt Chicago will fill up with grain, and present discounts of cash wheat make it attractive for purchase. This may cause a further carrying charge between July and September, and may also have an influence on the market for the time being. While we are not bearish considering the fact that crops have been greatly reduced, we also recognize the time element, and there may be considerable hesitation before sharp advances occur. Therefore, we urge some caution in making commitments for a long term, although we feel that finally large quantities of wheat will be impounded.

Corn showed a better undertone today. Weather over the important producing belt continues most favorable. There is some chance, likewise, for some showers, but yet there is no important pressure. Furthermore, the new crop futures are selling far under the probable loan. Despite the big carryover artificial influences are bound to be a big factor.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 27, 1949.

It is not yet certain whether there will be a referendum on marketing quotas on wheat in 1950. We believe there is a strong possibility that because of excessive moisture Southwest and some likely reduction in the spring wheat areas, plus threatening yield reductions, the Secretary may not proclaim an emergency. Meanwhile all interested parties may submit information and their views in writing to the Director of the Grain Branch of PMA. This must be done not later than July 5th. The quota determination will be made in accordance with the provisions of the AAA of 1938. Should the Secretary of Agriculture find the total supply of wheat as of the beginning of the marketing year, starting July 1, 1950, to exceed a normal year's domestic consumption and exports by more than 35%, he is required to proclaim marketing quotas. Thus, it can be seen how difficult it is to make this determination at this time based on the number of uncertain factors. Meanwhile with International Wheat Agreement ratified, we have an export quota of 168 million bu for the next four years, but it looks very much that instead of shipping that quantity we may clear nearly three times as much in the first year of operation. The price is not to be more than $1.80 per bu, and since this is considerably below the support level, estimates of a subsidy needed to carry on such prearranged exports have run up to $80 million for thisyear's crop.

When our market opened this morning, it was naturally influenced by the great weakness which had taken place Saturday. Despite statements coming from Washington belittling damage caused by rust thus far in the principal wheat producing areas west of the Mississippi River, there seems to be a feeling in some quarters that due to other plant diseases quite heavy deterioration has occurred. One party who has been most vocal in his comment stated before a group of grain dealers, meeting at Colby, Kansas, that the greatest devastation of the crop in thirty years had taken place, according to his observations, and he mentioned many contributing causes, including mosaic, heavy infestation of leaf rust, and other sundry causes. However, trade seems to be more impressed for the time being by the fact that conditions in the Central States are sufficiently optimistic that we may have to absorb a considerable number of hedges. While wheat in these sections will probably amount to somewhat less than 200 million bu, and is small in comparison with production in Texas, Oklahoma, and Kansas, it is, nevertheless, close enough to Chicago that it may serve to bring pressure on our markets at least at the beginning of the crop year.

There had been quite a little moisture over the weekend, precipitation occurring principally in Nebraska, and Iowa, but there were also some rains in the spring wheat areas, and prospects are for further moisture in Canada. Rains which fell in the Southwest were unwanted, but at least were not general. However, in some sections rains are probably holding up harvesting operations, and we feel that this year's winter wheat crop is going to be a difficult one to estimate; therefore, the trade is eagerly awaiting the government report for July, particularly as it is felt that there may be some exaggeration in the reports that have been circulated thus far, even granting that there has been extensive damage.

When the visible supply of wheat was posted, there was an increase of 3 1/2 million bu. Total stocks are nearly 98 million bu, or 51 1/2 million more than last year. The corn visible increased 219,000 bu. There is less than 10 million bu in all positions against 4.8 million last year. Oats decreased 168,000 bu. Thereis a little more than 5 million bu at various points compared with only 1 1/2 million a year ago.

Trade was not particularly active and there was some further liquidation although a slight improvement was noted in the milling demand, but yet there is no great enthusiasm in view of the impending movement in this part of the country, Reports from the corn belt seem to be exceedingly good. We have had numerous messages from our offices downstate and many of them claim there is enough moisture to carry on for ten days or two weeks. Generally, at this season of the year, we have a crucial period of dry weather and it is usually a fact that corn is not out of danger until about August 8th. Corn around Springfield is nearly waist-high and may even be in tassle by the 4th of July. Marketwise, however, there seems to be no pressure, and in spite of the big carryover, it looks as though large quantities of old corn would be in the loan. Covering in wheat brought rallies from time to time but with some widening of the carrying charges, it is felt that this may be a little too early to make investment purchases. The crop, while greatly reduced, must still be regarded as one of the large ones in our history.

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CHICAGO, 4 June 28, 1949.

There were a few light showers over the Canadian Provinces, and likewise in our Northwest, but this additional moisture was inconsequential compared with some of the rains which took place in Kansas and Missouri. Also, the five-day forecast for the Southwest is not particularly good, as it indicates considerable precipitation still to come, although our own weather man is somewhat dubious whether the recordings will be as heavy as are indicated. In any case they have had quite a bad windstorm around Colby, Kansas, with rain and hail, and in that district harvesting operations have come to a standstill. At Topeka, there was more than an inch, while St. Joseph, Missouri had 1 1/4 inches and Beloit, Kansas, 3 inches. Despite bad weather, we had a message this morning from Wichita, Kans., that harvesting from there on southward to the Oklahoma border was from 75 to 95% completed, and apparently most of the wheat had been satisfactorily stored. Yields were only about half what had been expected, with testweights low, but on the other hand around Norton,Kansas, yields were running from 20 to 25 bu to the acre, testing 60 to 61 lbs. So it is going to be a very difficult crop to estimate, as there has been considerable deterioration, but on the other hand bad reports generally carry faster than good ones, and we have seen so often in the past that this has been true. Whether the average for Kansas will be 12 to 14 bu to the acre is difficult to tell from here, but even with a wide variation of that kind it could make a difference of 30 million bu for the state. Thus, even the government report which comes out in a few weeks may be to some extent guesswork, although we doubt whether reductions will be as heavy as some of the private experts have feared. At least, we say this judging from official statements that have come from Washington, which characterized some of the individual reports as being extreme.

It is still anyone's guess as to farm legislation that may be enacted before the present Congress adjourns, and while there have been expressions criticising the Aiken Law, there seems to be considerable doubt as to whether even the Brannan Plan in some modified form may be enacted during this session. So many people feel that high parity loans can be extended to farmers without secondary consequences, but we have seen often that to hold the price artificially high, whether in this country or in the Argentine, is finally a very difficult task. Naturally exporting countries want a high price to satisfy farmers, but by the same token importing countries want just the opposite. At the present time the Belgian government still pays a subsidy to the mills so that flour may be sold for breadmaking at a low price. Their Minister of Agriculture stated very recently: "The price of wheat on the world market is still high." Other advices from abroad tell us that CCC, which is handling government grain exports, does not quote firm prices and it decides the ports from which the wheat is to be shipped. Consequently the risks to private importers under such conditions are far too great, and in fact, those importers do not want to take them. So long as private firms cannot control the conditions of sale, the shipping ports, the quantities, and the qualities, it follows that they would have to incur too many risks.

Primary receipts of wheat were heavier, amounting to 4,388,000 bu compared with 2 1/2 million bu last week, and 2.7 million last year. Kansas City and Minneapolis stocks show a total increase of 613,000 bu so far this week.

While our market was firm at times, probably in sympathy with early Kansas City strength, there also was some liquidation by locals which carried prices about 1¢ per bu lower than the previous close, but on breaks there seemed to be better absorption. Despite reiteration from Washington that deterioration has not been too severe, there are a good many people who still have confidence that we are finally going to have higher prices, particularly with the large quantities impounded. Our markets right in here seem to be more two-sided; Chicago elevators are buying wheat at good discounts under July, and with that in mind there could be deliveries next week. Milling demand is anything but brisk, but of course, there is always the possibility of some forward buying, and later on we also expect CCC to be more aggressive in their export program, although they have a good start, having acquired upwards of 225 million bu through defaults, the exact figure not being known at this time.

Weather for corn is ideal, and both high temperatures and rains seem to be wonderful for the best development of the crop, but yet there is not much pressure. While old supplies are plentiful it looks as though a large part of the reserves would finally be in the loan.

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CHICAGO, 4

June 29, 1949

Yesterday afternoon, the House Agricultural Committee voted to support the Pace Bill, and it is expected that the Bill might reach the floor of the House sometime between now and mid-July. Washington dispatches intimated that there may be considerable opposition in the Senate Agricultural Committee. While we have not seen the actual Bill, according to the press it calls for the highest permanent peacetime price support for the greatest number of commodities in history. The Bill calls for support of ten commodities at 100% of a revised parity formula, which is presumed to be a slightly lower level than the 90% of parity loan now in force on wheat. The Secretary of Agriculture would be permitted to experiment on not more than three commodities on his production payment plan. The Bill apparently also provides that CCC must charge the support price plus carrying charges in selling its holdings back in the domestic market. There is no way to judge whether the bill will finally be enacted into law in its present form or amended, or whether the Aiken Law will still be the law of the land in 1950.

Crop news from the Southwest still remains very mixed with many reports of low test weight and small yields. However, we are in receipt of a message from one party whom we consider reliable, stating that a member of his organization has just completed a trip through Kansas and would not sum up the situation quite as seriously as one of the expert's recent reports. He stated that fields looked poor from the road but were often better when one got into them. However, yields would indicate considerable shrinkage. One report from Nebraska stated that the new crop was starting to market and that results were turning out somewhat better than anticipated. All in all we probably will not be able to ascertain the total winter wheat crop until harvest has been completed. In talking with the Northwest this morning, ideas vary as to damage done in the Northwest States. Conditions are spotty in certain sections but the feeling is that probably the crop has been reduced 25 million bu from the last government report, but this still leaves a good-sized spring wheat crop.

We are in receipt of a letter this morning from Canada, in which the party states that heavy rains occurred over the week-end through the central trough of the western grain belt running East into Manitoba, with good showers elsewhere which should result in a material change in the crop outlook through the three western provinces. Apparently the week-end moisture missed very few spots, with indications that some more was to follow. Temperatures are moderate and are proving beneficial. The same condition exists in Canada as in this country: namely, spotty, with some areas reporting encouraging growth to offset the more pessimistic reports from the westerly sections of the provinces.

Broomhall commented that the current hot, dry weather is adversely affecting all spring crops in Great Britain, although winter grains are still favorable. He estimates that the 1949 wheat crop should reach 80 million bu, which would be approximately 3 1/2 million bu less than last year but a marked improvement over 1947. He further comments that 177 million bu will be imported under the Wheat Agreement, leaving about 40 million bu to be acquired elsewhere, and he sees no difficulty in buying these additional quantities in Russia, Argentina, or the United States.

Primary receipts of wheat total 3,027,000 bu against 1,880,000 bu last week and 2,042,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 1,288,000 bu.

Weather in the Southwest overnight was mostly clear, although there were some scattered showers in parts of our northwestern states, as well as sections of the corn belt. In the early part of the session it was believed that the CCC might change their buying policy, and this imparted some early strength to the market. However, as the session developed it appeared as though the CCC were still only recording offers.

Cash wheat in the Southwest was 1 1/2 to 2¢ per bu higher, and Kansas City futures were strong in comparison with this market. It is a question of whether any deliveries of consequence will be made in that market in July, while in Chicago cash wheat is selling at very fair discounts. Milling business remains only moderate, and bookings seem to be limited to mostly prompt or July shipments.

There was nothing outstanding in the market, locals seemed to be on both sides of the market in rather substantial quantities. After the close today the June 15th parity price will be issued, which is awaited with interest by the trade, as it is the basis of figuring the 1949 wheat loans.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 30, 1949.

Many in the trade were surprised yesterday when the parity figures for June 15th on wheat stood unchanged from a month previous: namely, $2.17, and only 5¢ lower than twelve months ago. As this month's parity is the basis for 1949 wheat loans, the figure was looked forward to with great anticipation. It is difficult for anyone to understand this small change without going into the intricacies of the formula, and offhand prediction would have been for a somewhat lower figure. After issuance of parity, the Department of Agriculture announced that the 1949 wheat crop will be supported at an average of $1.96 at the farm level, or 4¢ reduction from the previous year. It was announced that the loan basis, Kansas City, would be $2.19, and $2.24 at Chicago. There was no adjustment made in the differentials between Chicago and Kansas City, even though freight rates had advanced over a year ago. We are again pointing out in the table below support prices used since 1938, and the percentage of parity:

YEAR	LOAN RATE CHICAGO		AVERAGE LOAN RATE AT FARM LEVEL	ANNOUNCED RATE PERCENT OF PARITY
1938	$ .77	#2 wheat	$ .53	52
1939	.80	"	.64	55
1940	.81	"	.65 1/2	57
1941	1.15	"	.98	85
1942	1.32	"	1.14	85
1943	1.42	"	1.23	85
1944	1.56	#1 wheat	1.35	90
1945	1.59	"	1.38	90
1946	1.70	"	1.49	90
1947	2.08	"	1.83	90
1948	2.29	"	2.00	90
1949	2.24	"	1.96	90

It further shows that when once benefits are handed out, it is very difficult to shut off the source of money, and that it is polically expedient to try to hand out larger benefits as time goes on.

The Aiken Law, which will be effective in 1950, calls for lower support prices, but Congress is now reviewing the Brannan Plan, which would nullify the ideas behind the Aiken Law. Another rather significant factor to the welfare of the farmer is that it is estimated that farm population has declined about 2 1/2 million since 1940. With the large crops now being raised and high benefit prices the farmer's share per person has enhanced considerably.

While markets will probably be called upon to absorb a somewhat expanded movement, the peak, as far as the Southwest is concerned, will soon be passed. Apparently with the damage which the crop has sustained, and consequent small yields, storage is being obtained either in regular positions or on the farm, and actual marketings have been small compared with the amount being raised. The inducement to withhold supplies until loan levels are reached is very great.

Primary receipts of wheat today totaled 4,297,000 bu against 2,787,000 bu last Thursday, and 2,543,000 last year. So far this week Minneapolis and Kansas City wheat stocks show a total increase of 2,002,000 bu.

There was no particular change in the tenor of the news. Reports still come in from Kansas of small and disappointing yields, while cars received from the Panhandle at Texas are of much better quality. The North Dakota Weekly Crop Report states that temperatures were favorable for growth but high winds were unfavorable. There was still lack of rain in the Southwest section of the state, although topsoil moisture is generally ample in the north and east. They report crop good to excellent Northwest but poor in some of the southwest counties. The Montana Weekly Crop Report states they had mild to moderate rains. Soil moisture continues inadequate in north and east, except in the extreme northeast sections. Much wheat is heading prematurely on short stems.

There was no change in the CCC policy today, although it was reported that their purchases up to noon yesterday were 30,000 bu. Milling business still remains rather dormant although we doubt if the bakers can stay out of the market much longer. At the opening, prices were higher, affected by the unchanged parity prices of yesterday, but hedging pressure developed during the session, and also, some effect was felt due to the tendering of about 1/2 million bu of rye against July commitments.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 1, 1949.

Outside of a few light showers in Canada, Minnesota, and Wisconsin, weather had been mostly clear over the belt, which makes it possible now to harvest, and our reports from Kansas are still rather gloomy, test weight being low and yields disappointing in comparison with earlier indications. Nevertheless, it is still extremely difficult to come to an accurate determination as to the possible crop for Kansas, and we note authorities like the Santa Fe Railway, which is generally conservative in its views makes the same claim: namely, that yields vary too widely to establish a reliable average. All that can be stated is that the harvest is much worse than had been expected, and another distressing feature is the impairment in quality. From early hopes that as much as 275 million bu might be raised, they point out that prospects have "gone glimmering" until probably little more than 200 milluon bu is in sight at this time, and less if rains should further delay harvest. We have not heard of any other late reports that have been that optimistic, nor have we seen any expression from others that Oklahoma might still be as high as 87 million bu.

Therefore, not too much attention was paid to this report today, although markets started somewhat lower, but we believe it is felt that heavy receipts over the holiday may bring some hedging into the market, and that, consequently, purchases should be confined to a time when greater weakness might develop. With close to 40 million bu likely for Illinois, and also large crops East of here, we are more convinced than ever that export business will differ from other years, in that more will have to be shipped via the Atlantic and probably less through gulf ports. Just why New York is being utilized to such a small extent is difficult to tell, although the rate there figures about 1¢ per bu higher than in some of the other eastern ports. This, however, should not be a deterrent if we are again to ship about 450 million bu wheat and flour during the coming season.

The writer just returned from the Northwest. There has been deterioration there since early June when the official report was made. Of course, nobody can state with any accuracy early in July what the size of the crop will be, as much can still happen, although a good deal of rye, oats, and barley will be cut in southwest Minnesota next week, and possibly the hot weather hastened maturity, although we understand that somewhat lower temperatures are in prospect. The five-day weather outlook for the Dakotas was for maximum temperatures in the 80's, possibly reaching 95 degrees by Saturday or Sunday, but somewhat cooler thereafter. Also, showers and thunderstorms Sunday, Monday, and Wednesday, with total precipitation averaging 1/2 inch, although locally up to as much as one-inch.

Very little is heard these days of competition from Russia, although we note that Black Sea exports of wheat amounted to 1.6 million bu last week, with more than a million destined to India. The total since August 1st was close to 30 million bu, Corn exports have reached 3 3/4 million bu during the same period, with more than 10 million bu barley shipped and minor quantities of oats and rye. However, we are still the largest factor in the export field, and barring further adverse conditions with respect to growing crops, it looks as though this might continue to be the case for another year at least.

The International Wheat Agreement is now assured, with half as many countries participating as had originally shown an interest, and Australia up to midnight last night was not yet a signatory, but probably a slight extension being given that country because of time differential, and we shall know more on that subject very soon. Australia displayed some hesitancy until she could learn whether India would resent her entry into this field.

Primary receipts of wheat amounted to 4 1/4 million bu compared with 3 1/4 million bu last week and only about 3 1/2 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2.8 million bu. When the visible supply is posted on Tuesday, it will compare with an increase of 6 1/2 million bu last year.

There were times when our market was somewhat lower but there seems to be buying on recessions, and with outside markets relatively stronger than we have been during recent sessions, there seems to be the feeling that even with some wheat being hedged there cannot be too much weakness in cash markets. May wheat which is selling at about 3¢ less than the average farm loan price, is certainly not attractive as a short sale, and we believe that as time goes on better prices will be seen. In corn, loans up to May 30th were 390 million bu, and we are confident that before the final tally is taken considerable quantities will still be added.

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CHICAGO, 4

July 5, 1949

There were some showers well distributed over North Dakota, also parts of South Dakota and Minnesota. However, these seemed to be about the only grain areas which had received any consequential moisture over the holiday. Otherwise, temperatures were high and skies were mostly clear.

When our market opened this morning, it was influenced by the heavy receipts in the various markets, also the knowledge that there would be some hedging pressure, particularly in Chicago, where cash wheat is weak compared with futures. As a matter of fact, we believe some overnight business was put through with discounts on wheat to-arrive 5 1/2¢ under September for red wheat, and around 8¢ under for hard wheat. All this is the result of the large crops in the central states, and temporary shortage of elevator space. The southwest situation is quite different, and there seems to be no severe pressure on markets, despite the fact that wheat is moving from several districts at the same time, yet storage space is being provided, and marketing seems to be quite orderly, with large quantities apparently headed for the loan.

When the first private report was circulated it indicated a winter wheat crop of nearly 900 million bu, and a spring wheat crop of 280 million bu. As a matter of fact, the latter was more or less in line with our own ideas, and we have so expressed them in previous market letters, claiming that loss to the spring wheat probably was limited to about 25 million bu. As a matter of fact, some of our friends in the Northwest feel that there might be some recovery if rains come at the proper time. On the other hand, 280 million bu is still a very good crop, and better than average. Crop losses in winter wheat were sustained largely through adverse conditions in Kansas and Oklahoma, while in the central and eastern states yields were relatively high, and early harvest seems to be confirming moderate optimism, to say the least. All in all, on basis of today's report, issued by Mr. Galvin, we have prospects for 1,181 million bu of all wheat. This compares with 1,336 million bu estimated by the government for June; therefore, a reduction of about 155 million bu. Heavy rains, of course, and lower test weight mean a smaller crop, and we can hardly remember a time when the moisture was so persistent coming day after day but still we felt that some of the reports which had been circulated, that winter wheat losses alone would be 200 million bu, were exaggerated · we still cling to this view. For one thing, we were generally influenced by the big acreage. Even when considering the yield which is now claimed to be 16.2 bu per acre it compares quite favorably with the ten year average, which is 17, apparently there must have been some very good sections to make up for the poor ones.

Furthermore, it looks very likely that we shall not have a referendum now with respect to acreage control. From that point of view we have another chance for a good average crop next season, particularly with all the moisture that is in the ground, although naturally, there have to be rains from time to time to bring about normal results. In any case, subsoil moisture must be very favorable over wide areas. This will still be the sixth successive year of billion bushel wheat crops, and only once before: namely, 1915, could we make a similar boast.

When the visible supply of wheat was posted, there was an increase of slightly over 12 1/4 million bu. Total stocks in all positions are now 110 million bu compared with only 52.7 million bu last year. Corn increased 1/2 million bu and there is 10.3 million bu in all positions, almost twice as much as we had on hand in 1948. With an increase of 1/2 million bu in oats, total stocks advanced to 5.6 million bu with the result that we have over 4 million bu more than we had a year ago. Chicago wheat stocks are 5.9 million bu, a slight increase for the week. Corn stocks are 1.4 million bu, also a small increase, while rye stocks declined to 1.4 million bu.

Trade was fairly active but with apparently a much better milling demand, there were a considerable number of hedges taken out of the pit and this gave us rather firm markets. Furthermore, Kansas City, which had been so weak on Saturday, showed recoveries this morning; thus, traders here regained confidence and we had better speculative buying. The corn condition is relatively high at 86% according to the same private expert, so that even with a slightly smaller acreage than last year, it looks as though we might raise 3 1/4 billion bu. This would compare with the ten-year average of only 2.7 billion bu. However, with no pressure from the country, markets were a little better. Beans were very strong.

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CHICAGO MERCANTILE EX.

July 6, 1949

There was more rain overnight than had been expected, and moisture was reported in eastern Iowa and Nebraska, as well as northern portions of Illinois and Indiana, with some precipitation extending into central and southern Illinois. We also had reports from the Northwest telling of some good scattered showers and there were rains in the northern sections of the Canadian Prairies. As an offset to this, the government had announced late yesterday that loans at terminal markets would all be raised 2¢ per bu, which, of course, gives the farmer greater encouragement to impound his wheat.

Milling business late yesterday and overnight had beenlarge which necessitated the covering of hedges in our market. Therefore, we had a sharply higher opening. Generally speaking, the country is becoming more economy-minded. For the first time in many years, the people are putting more heat on their Congressmen and Senators and are demanding that Congress cut costs in order to prevent tax increases. Indicative of public temper are two recent polls; one was conducted by the Detroit News, published in the heart of a great industrial center; the other was run by the Omaha World Herald, published in a large farming community. Both newspapers requested of their readers that answers be sent to their Senators and Representatives, and on one question whether the Brannan farm program was favored, only 102 affirmative votes were given according to the Omaha paper, while there were 5,834 dissenting votes. On the poll conducted by the Detroit News, there were 528 affirmative votes and 8,870 against the Plan; in fact, on many of the other issues dealing with heavy expenditures, the replies were overwhelmingly against anything that required further outlays.

The prospects for the 1949 feed crops are generally favorable. Another big oat crop is in prospect and, as we pointed out yesterday, it looks as though we might raise 3 1/4 billion bu of corn. However, barley production, because of the smaller acreage, will probably be lower yet with average weather. During the remainder of the season, feed grain supplies for 1949-50 may be somewhere near the record supply of 145 million tons which we had a year ago. Contributing to this supply will be the record carryover of feed grains from 1948 crops.

Primary receipts of wheat were more than 6 million bu, or twice as much as last week, and compared witha little over 7 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,316,000 bu.

We had firmness right from the start, mainly because of hedges which were removed today against milling demand, but this was quite persistent throughout the session, and thus any hedging that may have come in was nearly lost sight of. There was talk that further heavy flour business was likely this afternoon or tomorrow, and with that in mind recessions when they occurred were short-lived. Psychology is a rather peculiar thing, but apparently many flour buyers waited too long, figuring that there would be pressure after the 4th of July holiday, but since this did not develop there has been quite a spurt of buying, which made yesterday's business possibly near a record for all time. At least, this is the opinion expressed by the Southwestern Miller.

Crop reports in the Northwest told of high temperatures during the past week, with recordings up to 108 degrees and above in the central Dakotas. This may have forced grain to maturity over some territories, but on the other hand hot weather appeared to have largely checked damage from insects, leaf rust, etc. At the present time northern North Dakota, the Red River Valley, and western Minnesota are still rated as good, while central North Dakota, and eastern South Dakota are fair to good. In central South Dakota and southwest North Dakota grain prospects are poor to fair at best.

With little opposition today, markets were all very strong, even corn advanced in spite of glowing reports coming from most sections of the belt. The new crop deliveries were actually the strongest, and there seems to be little pressure on any market. It is probably figured that December and March corn are selling so far under the loan that maybe the same thing willhappen to this cereal that occurred in wheat; namely, a gradual closing up between the market price and the loan level.

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CHICAGO, 4

July 7, 1949

There was further moisture overnight but it was heaviest in Missouri and in eastern Kansas, some points reporting as much as 3 to 6 inches of rain, which, of course, is not desirable at harvest time. There were also some scattered showers over the Canadian Provinces, parts of Montana and North Dakota, while portions of northern Illinois and Indiana were also favored, all of which was extremely favorable for corn. In fact, practically all reports we are getting from the corn areas are satisfactory, and hot weather with occasional showers is ideal for the best development of the crop. Under these circumstances, it was not surprising that the new crop corn futures were somewhat weaker this morning, even with the higher prices which were registered early for wheat.

Apparently some further business had been worked by mills, but evidently the flour business has run its course for the time being; thus we may have a more quiet period now before additional hedges are taken out of the pit. As a matter of fact, there has not been near the pressure from first hand that we experienced a year ago, and this is particularly true from the wheat moving in Oklahoma, where the crop was hit pretty hard. For example, Enid advised us this morning that their wheat receipts to-date were 12,088 cars against 19,345 cars for similar period in 1948. While a total winter wheat crop of 900 million bu is still very large, we must take into account that a good deal of grain apparently is not coming to market for the reason that prices this season were so far under the loan that farmers are making every effort to impound all they can. Chances are that on some of the receipts from storage wheat, actual loans have not been taken, but at least the producer is in position where he can get the loan unless the market improves considerably between now and the end of the year.

In Nebraska harvesting operations are now getting under way; we had a message this morning from Grand Island that producers were not selling in that territory. Up to this time the storage situation was not serious, but it is likely that tightness might develop quickly, but this is not surprising, as we have never been able to store all the grain at the beginning of the season without making some provision for a good share that came to market, when it was either exported or merchandised domestically.

Another reason for the early strength in our wheat market was that reports from the Northwest were not too good; recent temperatures have been running pretty high, with some possibility that thermometer readings would go well over the 100 mark in a number of districts later in the day. One of the private crop reporters, who was up in the Northwest, seemed to find considerable damage. He thought about 2 1/2 million acres of wheat in South Dakota, and 3 1/2 million acres in North Dakota were being forced to maturity on short, thin stems. Therefore, the trade is preparing itself for possible further reductions, and the government report now is being awaited for any possible clue in that respect.

As we pointed out recently, no change was made in the loan rate for the national average of price support on farms, which still stands at $1.95 a bu, to reflect 90% of parity. However, the Kansas City price now has been increased to $2.21; in Chicago the loan rate is $2.26, and in Minneapolis it is $2.23, all of these points being 2¢ more than originally stated for the reason that the Department wanted to make a more appropriate allowance for increases in freight rates during the past year, as well as further increases in handling charges permitted under the currently applicable uniform warehouse agreement.

Primary receipts of wheat were about 6 million bu compared with 4.3 million bu last week and 6.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2.3 million bu.

The trade was quite good again, and in spite of profit taking in wheat, a fairly firm undertone developed possibly due to the likelihood of further crop reductions. In any case, there was sufficient buying on declines to rally the market sharply. However, corn and rye, in spite of wheat strength, were not strong and recoveries, while they occurred, were comparatively feeble.

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July 8, 1949

The overnight news on wheat was a little more bearish. First of all, there had been some unexpected moisture in the spring wheat territories. In parts of Canada, rains were quite good also in our country with as much as 1 inch reported in some sections of North Dakota. The Searle Report claimed that for the second week in succession the moisture condition in the prairie provinces showed a slight improvement. The total moisture condition of the prairies combined now stands at 69% of normal compared with 68% a week ago and 99% of normal a year ago. The forecast is for scattered light rainfall for all three provinces and the five-day forecast for our Northwest is for temperatures ranging about 3 degrees higher than normal, but not much further precipitation. Another factor was the threatened elevator strike at Kansas City, which might tie up operations in that market, although nothing definite is known at this time and a compromise might still be reached.

More attention is being paid to the dollar shortage in Britain and a dispatch from London this morning told of a secretly arranged pact for the purchase of a million tons of coarse grains from Russia during the next year. Apparently this is being handled on some sort of barter arrangement and besides talks for a one year British-Russian trade pact have been going on for some time. Apparently the grain deal would form part of that year-long pact. Here in this country there is still an element of uncertainty with respect to agricultural legislation. As we mentioned yesterday, there does not seem to be too great a chance of the Brannan Farm Plan to go through whereby farmers would receive a part of their income through the post-office rather than in the market place.

Senator Aiken has suggested an extension of his sliding scale price support program to include major perishables. The Secretary of Agriculture has intimated that if his scheme is not put into operation that he would prefer the Aiken Plan in preference to a 90% support program, and because of these uncertainties, there may have also been some pressure on the deferred months, although it did not take much selling to bring about moderate declines.

CCC is still entertaining offers on wheat in the Southwest but is not actually bidding and we have not heard any further large business being placed through the Chicago regional office although we are convinced that if the export program is to be carried on to the extent of shipping about 450 million bu that they will have to finally take more grain from this section of the country.

Farmers' cash receipts are estimated at $12 billion for the first six months of the year, a reduction of about 6% from the first half of 1948. Volume of marketings was up slightly but prices averaged about 10% lower. If farmers' plans for the fall crop materialize, the 1949 pig production will total more than 96 million head. At the heavy slaughter weights of recent years, this would permit pork consumption per person in 1950 to be near the 75.6 pounds of 1946. This was the highest in 40 years except for 1943 and 1944.

Primary receipts of wheat amounted to 5,235,000 bu compared with 4,238,000 bu last week and 7,416,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 3.3 million bu. When the visible supply is posted on Monday it will compare with a big increase of 18 1/2 million bu last year.

Traders were a little bit skeptical, particularly after the sharp advance which had taken place. It looks as though Canada would have a bigger carryover reserve than last year, when they had 76 million bu. Likewise, with a big acreage in that country, they could raise nearly as much wheat as last year, even though moisture conditions have been less favorable. Milling demand was more on the quiet side after the big spurt earlier in the week, and we believe that some of the bakers now are waiting for a further recession before making additional purchases. Small scattered selling kept coming into the market a good part of the day, with no particular pressure, but stop-loss orders were uncovered and rallies were rather feeble. Kansas City cash wheat was as much as 3¢ lower from yesterday's top, but probably this was due to the elevator situation, with nobody buying aggressively until it is determined whether or not there will be a strike.

Corn was independently weak. Weather continues good, and the five-day forecast is also favorable, so that crop should be making wonderful progress.

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CHICAGO MERCANTILE EX.

July 11, 1949

The International Wheat Agreement will now become effective, with 18 mporting countries having officially ratified and this accounts for some 346 million bu of guaranteed purchases. On the other side of the picture, we have four exporting signatory nations, including Canada, The United States, Australia and France. They have guaranteed sales of 454 million bu under the Agreement; therefore, it is obvious from the start that there is no complete balance and should there be any lack of demand more would be offered than would be taken by the importing group even assuming that the latter would all live up to the Agreement. Beyond that, of course, there are Argentina and Russia, who could sell at will and indeed this might easily take place should there be any lull in the demand. For the time being, we do not expect any difficulty and our country alone is apt to ship 450 million bu of wheat and flour during the coming season, much of which would probably be handled under ECA where money and price would hardly be a factor. World food production and supplies in 1948-49 were materially higher than in the previous year and the grain export surplus was the largest since 1930-31.

After the close of the market tonight, we shall have a government report and it is generally assumed that the wheat reduction since the June figures were compiled may amount to about 150 million bu covering both spring and winter wheat. With this change, we doubt whether the Department will be required by law to proclaim acreage allotments or even possible marketing quotas for the 1950 crop. One official in the Department stated that because of the deterioration during June, it was now quite doubtful whether Mr. Brannan would have to take action, and politically, we presume that it might be quite distasteful to have to ask farmers to cut their wheat plantings by about 25%. Meanwhile, a slower demand for farm products has shown up in some lines and it is believed that it will become more noticeable if unemployment rises and consumer income drops. Top officials believe that the trend in farm prices will continue downward for another year. It is not expected that the Brannan Plan in its original form will be passed during the present session of Congress. First of all, it requires a terrific amount of money that would have to be paid out. The amounts currently being spent by the federal government are so staggering that few persons have any conception of the magnitude of their operations. These figures carry more meaning when it is pointed out that for the calendar year 1948, federal internal revenue collections were equal to all the wages and salaries of the 15 million or so workers employed in all the factories and mines in this country. Whereas federal collections take the equivalent of all the wages and salaries of the workers in the aforementioned groups, in 1939, the proportion was one-half and in 1929 it was about one-fifth. All this does not take into account the state and local receipts which, during 1948, exceeded $17 billion. Secretary Snyder has explained that the $6.2 billion increase in expenditures over 1948 was principally due to increases for ECA.

About midsession President Truman's economic report was released, which in part drops the request for general tax boosts, abandons efforts to balance the budget, and reduce the public debt. He urged Congress to concentrate on a measure to bolster production and purchasing power, and to attempt to reverse the moderate downward trend in business. He did ask for a boost in estate and gift taxes. His program includes the adoption of an improved program of farm income support. He made it clear that he backed the program of Secretary of Agriculture Brannan, to set up new high price support levels and a new plan of production payments. However, his council of economic advisors in a separate report did not come out as strongly for the Brannan Plan.

The Baldwin Elevator weekly report states that growing conditions for corn in Illinois continues perfect, with growth remarkable, and early fields already tasseling. They mention that if sufficient moisture is received during the next four weeks with no intense heat, Illinois will again produce a bumper crop. Sanford Evans, speaking for Canada, states there was fairly good rain over the western prairie provinces during the past week, and improvement where the land was fairly dry, with the exception of southwest Saskatchewan and central Alberta.

Primary receipts of wheat today totaled 7,472,000 bu against 10,015,000 bu on comparable day of last year; last week was a holiday. When the visible was posted wheat increased 15,995,000 bu and now totals 126,052,000 bu, or 54,834,000 bu larger than a year ago. Chicago stocks of wheat increased 2 million bu bringing the total to 7,896,000 bu. Corn increased 228,000 bu. UHLMANN GRAIN CO.

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CHICAGO, 4 July 12, 1949.

Late yesterday the government report was published by the Department of Agriculture, indicating a total wheat yield of 1,188 million bu. The amount was no particular surprise, although the distribution was somewhat different from what had been expected based on private estimates. It now looks as though we would raise 932 million bu of winter wheat compared with the 10-year average of 726 million bu in the period 1938-47.

Spring wheat production was estimated at 256 million bu against the 10-year average of 265 million bu. Thus, there should be no scarcity, except that we still believe tremendous quantities will finally be impounded, particularly with the market so far below loan levels. The Kansas crop is estimated 181.7 million bu, a reduction of nearly 70 million bu from the previous month, but still a good crop based on past performance. Oklahoma production of 89.6 million bu is also big, except considerable deterioration since June. The Texas yield has held up comparatively well, and the government forecasts 108.7 million bu, which will be classed as one of the big crops in history. Nebraska has been reduced to 65.4 million bu, but against these cuts there have been increases in the Central States, as for example, Illinois is now estimated at 45.8 million bu --an increase of more than 6 million bu during the month.

The Canadian wheat crop has not been officially estimated up to now. One of our friends tells us that from present indications the Provinces may raise 375 million bu, so that together with what is raised in the east, the total yield may be about 400 million bu --also not too bad when one considers how deficient subsoil moisture was early in the season.

The real big surprise came in corn, and here, with one of the smallest acreages in 50 years, it looks as though we might raise nearly as much as last year when a record was established. The increase over the private estimate amounted to about 250 million bu, or practically as much as is raised ordinarily in Argentina. It also demonstrates what happens when weather is propitious, and with Hybrid seed being used so extensively.

Another bearish feature in corn was the big farm reserve. There is 1,239 million bu held back in the country compared with only 423 million bu a year ago, and a 10-year average of 708 million bu. It looks to us as though the reserve at the end of the season would be somewhere between 700 and 800 million bu. Thus, we may have a total supply of 4 1/4 billion bu, while under the most extravagant condition, we doubt whether more than about 3 billion bu will be consumed. This means that stocks will pile up, but yet pressure on the new crop future was not too great, probably for the reason that the price is already so far below the likely loan for next season, and again we may have artificial conditions, provided there is enough crib space to take care of these enormous supplies.

Primary receipts of wheat amounted to 5,569,000 bu compared with nearly 10 1/2 million last week, and 5,708,000 last year. Kansas City and Minneapolis stocks so far this week show an increase of nearly 1 1/2 million bu.

There was weakness at times in wheat, but also fair absorption on breaks. The flour business has turned light again, and apparently little interest on part of big buyers.

Two cereals were rather strong --one of them beans, and the other rye. The government has forecast that the bean acreage would be 6% lower than last year, and with the July future so strong there was some strength imparted to the deferred months. Also with less than 20 million bu of rye raised, this is just about half a crop, and there might be a scarcity before the end of the season.

It is interesting to note that the acreage planted to corn was nearly 2 million acres above intentions. Therefore, if the big crop materializes, the supplies of feed grains will be among the most liberal ever available per animal unit.

Broomhall claims that weather in Europe is too wet in the south for harvesting operations, but that satisfactory progress is being made in southern France, aided by hot, dry weather, although the northern area is suffering from drought. Britain's crops are moderately good, while Italy is enjoying satisfactory harvesting weather.

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CHICAGO MERCANTILE EX.

July 13, 1949

There were some fairly good rains overnight in our Northwest, but it seems that neither crop conditions nor statistical data are having much effect on our markets at the present time. The break which we had yesterday was probably due to a little more hedging coming into the market, and ordinarily this would be heavy, particularly when we raised well over a billion bushels of wheat, and also because the spring wheat movement is still ahead of us. However, it is generally felt that prices will finally have to advance to quite an extent before much wheat comes on the free market. In the meantime, there is a good chance that fully as much will be impounded as last year, and probably more, as at that time there was not the great disparity between loan price and the market.

There are reports of some hot weather in Europe, and possibly production will be cut based on earlier estimates. However, last week was fairly satisfactory for best development of the crop, and we understand that conditions were largely maintained. Were it not for the large quantities that we are placing afloat from here, much of which is sold on credit, we doubt whether world shipments would be anywhere near as large as at present, although when the International Wheat Agreement becomes effective in August, subsidized prices will be somewhat lower to the importers. This refers also to the other exporting nations participating.

We understand that after the close of the market today the Secretary of Agriculture will announce whether or not marketing quotas for the 1950 crop are to be sought. There have been some rumors from Washington that he had abandoned any plan earlier anticipated when crop prospects were so much better. Of course, the final decision rests with him, but in view of the fact that it is not politically advantageous to ask farmers to cut, we presume that he will be in position to let the matter be held in abeyance for another year, as we intend to ship about 450 million bu of wheat and flour abroad, and shall consume about 700 million domestically. Therefore, our carryover one year hence may only be about 338 million bu based on crop estimates made in July, and a reserve stock of 300 million bu, which is the generally accepted figure, but it has not yet been officially confirmed.

Wheat production in the Central States has been fully maintained, despite deterioration which occurred elsewhere. Indicated production of 46 million bu for Illinois is the largest winter wheat crop since 1931. It is 15% larger than last year, and the yield of 24 bushels per acre is the same as the record high of a year ago, while moisture is running light and testweight above average. All this is tending to give us a partial carrying charge here in Chicago, while elsewhere a different situation exists. However, we feel that before long the government will probably take some wheat in our territory under its export program, which may change the complexion of things materially.

Primary receipts of wheat amounted to 4.7 million bu. This compared with 6 million bu last week and 5 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2.3 million bu.

Trade was fairly active and there was some pressure at times. Wheat was indifferent and there was some liquidation probably in sympathy with lower prices for corn. However, after mid-session it was reported from the Southwest that a much better flour demand had developed and with some hedges taken out of the pit we had recoveries. The news from the corn belt states was universally good and apparently wonderful progress is being made now. Naturally corn is not out of danger and July is often a critical month but we are enjoying normal summer temperatures and with occasional rains from time to time there might even be a considerable improvement rather than a chance for deterioration from this point onward. Moreover, if we have only about the same consumptive disappearance as last year, the carryover will be considerably more than the government has estimated. In other words, there might be 800 to 850 million bu on hand at the end of the crop year. However, there is no particular pressure from the country. For that reason, July corn remains very firm but the more deferred months are relatively weak and even at this price there does not seem to be much speculative enthusiasm on the buying side.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 14, 1949

There was not a great deal of grain news overnight. There had been some heavy rains in parts of Northern Illinois but they did not extend generally into the corn belt; yet, we hear nothing but complimentary remarks with respect to the progress of the crop. There was moderate rainfall in Northern Saskatchewan and Manitoba but, otherwise, in Canada it was negligible. The forecast was for continued warm and humid weather with scattered rainfall. Some of the Canadian reports are not at all optimistic. The Canadian Telegraphic Report stated recently that based on present conditions a good crop was expected in Manitoba but that the drought has adversely affected crops over such wide areas in Saskatchewan and Alberta that below normal yields were anticipated for those provinces. Temperatures in all of the three Prairies last week averaged slightly above normal. Our Northwest did not have much additional precipitation overnight although a few light showers fell in portions of Montana and Southern Minnesota, but elsewhere in the Northwest fair weather prevailed.

Broomhall, in his Corn Trade News, makes some rather interesting observations calling attention to the fact that the price level always has been and no doubt always will be determined by the immutable law of supply and demand. He cites figures given by the Searle Grain Co. of Winnipeg with respect to the Canadian fluctuations in wheat even though there was no futures trading in that country, but yet the price on July 31, 1946,started at $1.55 per bushel, rose sharply, but with many fluctuations, to $3.45 on November 28, 1947, and then again, with numerous sharp fluctuations, declined to $1.94 per bushel. It is pointed out that these fluctuating prices were not registered nor reflected by any open market; yet they represented prices set day by day by the Canadian government's agent - The Canadian Wheat Board. The Board was instructed by the Canadian government to sell wheat at prices which the Board considered to be reasonable. It is further claimed that all this is an excellent example to show that not even a powerful government, with all the country's money behind it, can stop prices from fluctuating if the commodities made available by producers are to be sold.

There was a further delay in the matter of deciding whether or not marketing quotas were to be adopted. While it was first thought likely that Secretary Brannan would make a statement late yesterday, we understand that a Press conference is scheduled for late this afternoon, and from all indications, the matter will be held in abeyance for another year; in other words, no action taken at this time. Very likely the sharp reduction of nearly 150 million bu in the wheat prospect since the June figures were compiled gives sufficient grounds for not compelling farmers to cut their plantings for the 1950 crop. We doubt whether this will have much market effect when it is announced because it has generally been expected that acreages may be maintained now for at least another season. However, if any cut should be recommended and a referendum taken, that, of course, would be construed bullish. We have now had almost ten years of bumper crops in this country, with one or two exceptions for certain cereals. We are not including rye in these calculations because acreage has been definitely cut from the pre-war basis. However, the major cereals, such as wheat, corn and oats have been raised in abundance and, on the whole, weather has been propitious. Therefore, it might be dangerous to bring about a big reduction in the sowings of these various grains on the possibility that according to the law of averages we are almost due for poorer crops somewhere along the line. Naturally, no one can predict a drought with so much subsoil moisture as now exists but still bumper crops are just as unusual as crop failures, although with improved farming technique and better seeds, it is definitely to be hoped that we are on a higher production level than ever before.

Primary receipts of wheat were 5,103,000 bu compared with 6 million bu last week, and 5 1/2 million last year. Kansas City and Minneapolis stocks so far this week show an increase of 3 million bu.

There was firmness at times, but milling demand is at a rather slow rate again following yesterday's spurt. It may take a further recession in price to build up much confidence. After mid-session the Chicago office of the CCC reported purchases of 1 1/2 million bu of wheat yesterday. However, as near as we can determine this was sold 6 to 7¢ over Chicago July, fob, Philadelphia, which would figure about 10¢ under Chicago July in-store. It is evident that for the time being, at least, we cannot compete with these cheaper offers from other sources.

Most corn futures held but there was no particular feature, except the July future was again very firm, while December was under pressure.

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July 15, 1949

After the close of the market yesterday we had severalitems of interest. irst was the issuance of the Canadian crop report, which made no actual estimate n production, but it gave percentage figures for the various crops, showing rather ow condition as compared with last year. For example, condition of wheat is 72% f normal compared with 95% a year ago; rye only 54% of normal compared with 8% in 1948, while oats and barley showed little change. Apparently the dry weather hich they had early in the season has left its mark on the wheat crop, although with ome improvement since, there seems to be the feeling that should the proper rain ccur between now and harvest time, there is still a possibility of raising as much r more than last year. The acreage is greater, which naturally is a factor, and uring the past week it was somewhat cooler up in Canada, and there was moisture anging from light showers to heavy rains.

Probably of equal importance was Mr. Brannan's statement late yesterlay announcing that the grain quota plan would be dropped for this year. Therefore, here would be no referendum to farmers on the question of compulsory acreage uts. However, he seems anxious to get a downward adjustment in the grain crops rom the high post-war levels, and has asked farmers to make a voluntary reduction n their acreage of about 17% from the 83 million acres planted last year. Under his set-up farmers are not required to conform to their allotments. However, nly those who do, and who go along with the reduction on their own initiative will e eligible for the government price support aid, which next year may average about $1.85 on the farm. The Secretary's announcement pointed out that acreage allotnents are not an enforced limitation on production, but they do provide a limitation n government expenditures for price support beyond the national interest.

There seems to be a difference of opinion as to whether this is bullish r bearish. Undoubtedly some farmers believing that the price of wheat will be airly stable for the next year or so, may continue to plant heavily, and take their own chance on the market. Surely a good many farmers feel that if they could still get $1.50 for their wheat next year that they might be better off to raise a big crop than to cut their acreage voluntarily, even though they might get a 90% loan, or whatever is offered to them under the Aiken law. Others, of course, who have become accustomed to the government loans may take an entirely different attitude, and may go along with Mr. Brannan's plan for a 17% cut. It is impossible at this time to say just what will happen, so again we have more uncertainties to face.

The Secretary further pointed out that the great shortage had ended, and that we should not be misled into thinking that we shall have an unlimited demand for all the wheat we can produce.

Primary receipts of wheat were a little over 5 million bu, compared with 5 1/4 million bu last week and nearly 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 3 1/4 million bu. When the visible supply is posted on Monday, it will compare with an increase last year of 24.3 million bu.

Our markets, except for rye, were not strong probably for the reason that the demand for flour was very poor and mills generally claim that volume has been the lightest since the start of the new crop activity, according to The Southwestern Miller. Moreover, there was considerable weakness at Kansas City and our cash markets here at Chicago are weak with receipts keeping up well and there is little room left here for the storage of grain. However, there is no great pressure except in the central states and we see no evidence of any large quantities of hedges being placed inthe market; therefore, our opinion is the same, that after the situation locally has been corrected, there will be higher prices, particularly as it is likely that large quantities will be placed under the loan.

July corn, which had been so strong up to now, was being sold, but in spite of this the new crop futures held firm ly and, of course, they are selling at big discounts under the probable government loan for the next crop, which has not yet been announced. There is every evidence that the Canadian wheat carryover will be larger than last year. With two weeks yet to go, we imagine that there will be nearly 90 million bu reserve versus 76 last year.

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[illegible]

[illegible] as compared with last year, but [illegible] compared with 98% a year ago, only [illegible] of normal [illegible]

[illegible] in the season that left [illegible] between now and harvest time, there is [illegible]

[illegible]

The Secretary further pointed out that [illegible] we should not be misled into thinking that we [illegible]

February receipts of hogs were a little [illegible] than last week [illegible]

[illegible]

[illegible] Nevertheless, there was [illegible] of Chicago [illegible] week were [illegible] for the storage of [illegible], however, [illegible] the market [illegible]

[illegible]

DAILY MARKET LETTER

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CHICAGO, 4 July 18, 1949

Temperatures over the spring wheat areas, which had been very high the atter part of last week, dropped materially, and there was moisture, light to moderte, and rather general on both sides of the International Line. This was one of the actors, which undoubtedly had caused the big upturn in wheat Saturday. We pointed ut in our reports at that time that Sanford Evans had cut the yields for the Provinces o 298 million bu based on the condition of field crops of June 30, 1949. He also cut he rye crop to 6.9 million bu, and apparently this is largely the effect of subsoil noisture deficiency which we had earlier in the season. Some improvement, of ourse, could take place if they had ample moisture between now and harvest. This norning there was another report from Winnipeg, by the Northern Grain Company, ntimating 330 million bu of wheat over the Provinces, so that, together with what night be raised in the East, we have a possibility of a total production of 350 million u, but it will be a few weeks yet before anything more accurately can be expressed.

The heavy advances here in rye are, in our opinion, well justified. Should here only be a total production of 27 million bu for Canada and the United States, t would hardly be more than was raised in Canada alone last season. Furthermore, ve must compare these yields to the 35 or 40 million bu which were not uncommon n the United States prior to the war. At that time about 10 million bu was used for read, and we believe that practically the same figure could be used today. About .0 million bu was needed for spirits, and while this might be cut somewhat, we have o allow also about 7 million bu required for seed, even with the smaller acreage han we formerly had. As far as exports are concerned, we often shipped as much s 10 million bu to Europe, but there does not seem to be much chance of placing nuch afloat from North America, although undoubtedly the Scandinavian countries nay be in the market for some rye a little later on. Last year Canada had a bumper rop of 26.6 million bu. Inasmuch as the carryover may be 8 million bu, this will fford some relief, but it also goes to show that Canadian domestic consumption and exports were heavy. At the present time their acreage is estimated at 1.1 million acres, which is a little bit higher than usual, as the ten-year average was only 375,875 acres, although last year it had risen to 2.1 million, which was a record. Even with some improvement due to rains, we doubt whether the condition will rise nuch, and altogether it looks as though this cereal, selling at 40¢ under the price of wheat, still had comparative merit.

When our market opened this morning the carryover feeling was somewhat bullish. Chicago receipts were heavy again, with more than 700 cars received at this market. Of course, accumulations in the Central States have been a deterrent to bullish sentiment. We find that from June 15th to July 15th, July wheat had hardly increased in value, despite the fact that there was a reduction of about 150 million bu in the wheat production. This shows there is no excessive trading taking place, and also that consumptive demand is pretty much from hand to mouth. If the government should buy any of the soft winter wheat it might easily change the complexion of things, although even now pressure is not heavy, probably for the reason that a good deal of wheat has either gone into the loan, or is being prepared for it at some later period.

Crop conditions in Europe appear to be slightly better. Broomhall reports good rains all over Britain just in time to help the crops, especially the roots. However, rain failed to develop in France, where it is badly needed, but some fell in western Germany where it will do good. The Ukraine reports that high temperatures followed abundant June rains, and that good crops are expected in Moldavia, Lower Volgar regions, etc.

When the visible supply of wheat was posted, there was an increase of 22.8 million bu and Chicago itself increased nearly 5 million bu to a total of 12 3/4 million. Total corn decreased 1.8 million bu. Stocks are less than 8 million bu compared with 3 3/4 million bu last year. Oats increased 1.8 million bu to 8 1/4 million bu compared with only 1 1/4 million bu last year.

Markets were rather firm early with rye again strong, while futures at Winnipeg were also firmer. However, there was some profit taking and best prices did not hold. There was likewise some selling of the new crop corn futures, probably based on the wonderful crop outlook but July acted tight and closed higher.

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CHICAGO, 4 July 19, 1949

There was not much grain news overnight. Weather Southwest was practically clear everywhere, while a few light showers occurred in Minnesota, Montana and portions of Iowa. Temperatures have apparently fallen over the Northwest and northern portions of the corn belt area, but there is little change elsewhere. When the five-day forecast was released, it indicated thunder showers and cooler Wednesday for North and South Dakota, Thursday fair, warmer Friday, with some thunder showers by the end of the week, precipitation probably averaging about 1/4 inch.

Conditions in the Northwest are very spotted, and according to the Occident Elevator report, it would be very difficult to make an accurate guess at this time of the final outcome of the spring wheat crop. Some stations are reporting practically a normal condition, while elsewhere yields will not exceed 15% of last year. Thus we must assume that there may still be further reductions from the July government report, but here again time alone will tell. One of our friends in Minneapolis tells us that southwestern North Dakota had the first good rain of the season, but that the crop was pretty poor before this moisture arrived. Generally speaking the reports look somewhat discouraging, except for the fact that production in the Pacific Coast area may bring up the average for the country to a higher level than the figures generally being discussed. Some of the better territory in the northeastern part of North Dakota is beginning to complain now of lack of moisture, and further damage from aphid infestation. Up to now deterioration has not been serious in that area.

There are a good many people beginning to question whether exports of wheat and flour will finally reach the 450 million bu mark, which was the target set by the government a few weeks ago. They point out that shipments of corn have fallen far below the goal set nearly a year ago, and that possibly even with some deterioration in Europe the wheat demand from here will not be too heavy. For the time being there seems to be a waiting attitude abroad. Possibly this is due to the International Wheat Agreement which will become effective on August 1st, and at which time prices will be lower than at present. It may also account for the fact that the government has taken so very little wheat from the Central States at a time when discounts have been heavy, and when purchases would ordinarily prove very attractive. Should we finally only ship about 350 million bu of wheat and flour, it would naturally add to our carryover one year hence. On the other hand, we still believe that with present prices so far under the loan that impoundings will be fully as large as last year, and might even be greater. At the beginning of the season there are always some producers who either cannot get storage for the accommodation of the loan or else through diversified farming the amounts of wheat raised are not sufficient to make the loan worth the effort. This may be the reason for the fair amount of wheat now being sold at prices considerably under the government loan, and, therefore, there are some hedges which have to be absorbed each day at a time when milling demand is slack.

Primary receipts of wheat were 6.8 million bu compared with 5.5 million bu last week, and a little over 6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 721,000 bu.

Markets were a little erratic today, due to the heavy movement in this part of the country. July wheat was weak and went to nearly a 4¢ carrying charge under September. However, there was general firmness of the deferred months, although mills are still complaining that business is well below capacity.

So far this year Australia has cleared only 67 million bu of wheat and flour compared with 81 1/2 million the same period a year ago, indicating that the demand from the Continent is not too good; also exports to non-Europe are smaller, although shipments to Britain have been a little better than last year.

July corn was very strong, there are only a few days left for the termination of this contract. This also influenced the deferred months, which went up in sympathy.

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CHICAGO, 4

July 20, 1949

A few light showers fell over our Northwest, but there was some rather substantial rainfall over portions of Nebraska, Iowa, Missouri, and Illinois. Scattered showers will probably continue in the Northwest tonight and Thursday. One report from Canada mentions that heavy showers were fairly general over Alberta and northwest Saskatchewan with light scattered showers in central and southern Saskatchewan. Also indicated is a forecast of occasional showers over most of the Canadian provinces today. It is still a debate as to the probable outturn of our spring wheat crop, but probably actual bushels will not be determined until we get the final crop report of the season.

The Minnesota Weekly Weather Report states that grain crops in that state generally are good to excellent in western and northern areas, where moisture has been adequate, but that in sections of the East and South hot and dry weather early in July decreased the yields. The Nebraska Weekly claims that about 63% of the wheat was harvested up to last Saturday as compared with 37% a week early. Some doubt is expressed as to whether yields in western Nebraska will be sufficiently high to offset disappointing yields in the eastern section of that state. From all sections, corn is reported to be making excellent progress.

Broomhall commenting from Europe, states that weather conditions have been mostly favorable, with a number of sections receiving timely rains. The United Kingdom had general rains, which have been to the benefit of all crops, although the outturn this year of most grains will be smaller than a year ago, due mostly to acreage reductions. Conditions in France are being maintained, harvesting is progressing, and indications point to good yields. In Italy, they had two days of heavy rains. While the wheat harvest is about completed, the corn crop outlook is very promising. Reports also indicate some improvement in Portugal and Spain, although the wheat crops in those two countries will be below normal. The same source reports that rains last week over most of Argentina were beneficial for wheat and coarse grains, and abundant rains in June had benefitted the crops in the Ukraine.

While wheat, particularly in the Southwest, is pretty well finding a resting place, the Administration seems to be rather concerned with storage facilities available for the large surplus of corn and other feed grains. With the present splendid prospects for corn, storage place for the new crop may be very scarce. Mr. Ralph S. Trigg, President of the CCC, stated that discussion of a plan is under way(although no decision has been reached) to encourage private capital to build new facilities along side of elevators which lack adequate storage. The plan contemplates that the government will guarantee to rent same for perhaps two years, at the end of which period the elevator operators, whether private or cooperative, would have an option to purchase the facilities from the builder. It has been self-evident for a long time that under high incentives the producer will raise everything possible, figuring that it is for purpose of the loan rather than for commercial channels.

Despite this condition, talk is now going on in the Lower House of Congress as to the agricultural program for 1950. The Aiken Bill, which is the present law, in view of present crops and carryover, would probably provide for lower support prices for next year's crop. However, it still remains a political issue as to whether the Aiken Bill (which is no doubt a start in the right direction) will be permitted to remain on the statute books, or whether higher support prices will again be given to the farmer.

Chairman Sabath, of the House Rules Committee, put his support behind the Administration's Pace Bill, as that body opened the debate on major agricultural legislation. It is also intimated that GOP members and a group of Democrats are attempting to defeat the Pace Bill, and extend present wartime supports for an additional year. Indications do not point to the passage of the Brannan Bill. Naturally, the course of legislation will have an effect on the price levels, particularly as applying to new crop futures.

Primary receipts of wheat today totaled 3,626,000 bu compared with 4,778,000 bu last week and 4,205,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 1,128,000 bu.

A somewhat better milling demand and strength in beans and oats seemed to dominate the wheat pit.

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July 21, 1949

The government has released the official figures on exports of grain
r the crop year ended June 30th. A new record was made: namely, 686,074,000 bu
all grain and grain equivalent versus 588 million bu the previous year. Of the
tal 500,521,000 bu was wheat and wheat equivalent as compared with approximately
82 million bu last year. Other grains and grain products accounted for 185,553,000
u. This is a tremendous amount of grain to leave our shores.

At the moment attention is focused on probable farm legislation, which
s now being considered by the Lower House. It is always difficult to forecast poli-
cal maneuvers, and it is an axiom that at times what is considered good economics
ay not be considered political expediency. The Speaker of the House, Mr. Rayburn,
xpressed himself thismorning as confident that a final vote on the House farm legis-
tion will be taken this afternoon, but that he was not sure of the outcome. Apparent-
the Administration is backing the Pace Bill. One can only guess at the moment
e final outcome, but we have seen it happen so many times in the past that when a
ontroversial issue is at stake, and the time of adjournment is drawing near, the
ndency is to continue existing legislation for another year.

In this instance we refer to the 90% loan rather thanthe Aiken Bill.
epresentatives of the different farm organizations seem to be split over the issue,
lthough one very strong outfit has come out definitely against a continuation of the
0% loan, and in favor of the sliding scale, as provided in the Aiken Bill. The con-
nuation of the extremely high loans without acreage reduction can only lead to pro-
nged difficulties. Every inducement is given to the farmer to plant large acreages
nd to use the seed of the more undesirable milling varieties, which seem to have withstood
e adverse weather this past season more satisfactorily than the better types. The
ncouragement to the farmer to raise grains for the loan rather than for commer-
ial channels is not a healthy one, and the heavy impoundings lead to artificial mar-
et conditions.

The overnight news showed some fairly good rainfall the past 24 hours
ver the Dakotas and Minnesota, some light showers in Montana and the Canadian
rovinces, while sections of the corn belt were more plentifully supplied with rain.
he official Minnesota weekly report gives the amount of precipitation for the week
nded July 19th in our four northwestern states. The total would indicate that there
as been some nice moisture during that period, particularly in Minnesota and North
nd South Dakota, with less in Montana. However, temperatures as a whole ranged
bove normal. Speaking for Minnesota the report mentions that heavy to excessive
oisture fell over much of the state, particularly in the latter part of that week.
hey also report grain crops in good to excellent condition in western and northern
reas where moisture has been adequate. In the east and south portions of Minnesota
he hot, dry weather earlier in July decreased the yield prospects.

From Canada, indications are that general rains for the past 24 hours
ell over Alberta and Saskatchewan, with over one inch in eastern Saskatchewan and
anitoba. Further showers are predicted for today. with clearing and warmer
eather in the offing.

Primary receipts of wheat today totaled 5,093,000 bu vs 5,103,000 bu
ast week and 3,636,000 bu on the comparable day of last year. So far this week
ansas City and Minneapolis stocks show a net increase of 1,425,000 bu.

There seemed to have been export business consummated in corn al-
hough the quantity is not known. Brokers with export connections were on the buying
ide of the September future. However, July beans dominated all pits. The swings
ere extremely erratic and at one time that cereal reached the full permissible ad-
ance allowed for the day. Earlier, wheat reflected the strength in beans, but later
elling orders and profit-taking registered lower quotations for the day.

CCC reported no purchases of wheat in the Kansas City area and
here is still considerable wondering why they do not make heavier purchases in the
rea east of Chicago where cash wheat is selling at good discounts. Flour sales
re only moderate and new inquiries seem to be lagging.

Friday will be the last trading day in the July futures and after that
ession ceases commitments can only be fulfilled through the cash market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 22, 1949.

Yesterday the House scrapped the Aiken Bill, rejected the modified version of the Brannan Farm Support Program, and voted favorably for the Gore Bill, which in substance continues the 90% loan. What the Senate will do is still uncertain. We are fully cognizant that 1950 is a political year, and as a rule everything is done to curry the voters favor. We still believe that high loans are economically unsound and if continued for an indefinite period will finally lead to great changes in this country. Business in general has been called upon to adjust itself from wartime and post-war conditions --so should agriculture. As we have called atten several times in the past, originally the 90% loan was granted to encourage the farmer to raise bountiful crops during the war period and to afford him a two year adjusting period thereafter. This two year period was extended to the third year. It is now possible it will be extended to the fourth year. The producer is only human; he wants to receive benefits of all government grants, the same as every other citizen. But some day he must understand, and must express himself more vociferously, that ultimately such a program will lead to complete regimentation, the death-knell of private independence, and pretty much government control of agriculture.

As we understand the Gore Bill, the only reduction in acreage involved is a voluntary one. There is no enforcement clause. We cannot continue forever to encourage the producer to grow grain for the loan rather than for domestic and international requirements. If the high loan is to be continued, it is elemental that finally compulsory crop restrictions will have to be resorted to unless we encounter another great drought or another war. There is no inducement under high loans to properly conserve the resources of this great nation. As long as every available acre is put into production we are not properly protecting soil conservation.

Today, through possession of large supplies, the CCC is the dominating factor in the grain markets. Private trade is encountering great handicaps and this condition can only be aggrevated unless we come to a more realistic farm program. The government, whether they want to or not, will be forced into the control of storage, and in fact, along these lines the Agricultural Department announced yesterday that they were calling for bids from private firms for construction of 50 million bu of additional storage in the 9 mid-western states to take care of the tremendous amount of corn which they expect to be delivered to the CCC on default. At the present time the government now owns 45 million bu of storage in the form or metal bins in the middle western states and this move will bring their storage up to almost 100 million bushels.

The farmer has always been known as an individualist; as one who wanted to control his own destiny, but we hope before it is too late that he will come to the realization that present policies will finally lead to the loss of his freedom of action, and his freedom of thought. While there may have been some imperfections in the Aiken Bill, it at least was a start in the direction of somewhat lower support prices which in the end will leave the producer free to determine for himself whether he was over-producing or under-producing. It does seem to us like unsound thinking to offer the farmer an artificially high loan on one hand, and then to turn around and sell a rather representative amount of wheat under the International Wheat Pact at a substantially lower price. We have just completed a season of tremendous exports from this country, but with dollar shortages in the world, and with many countries taking steps to curtail exports from this country it remains to be seen whether we can continue to maintain our export goals in the future without severe losses.

Primary receipts of wheat today totaled 4,311,000 bu vs 5,056,000 bu a week ago, and 5,190,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 1,631,000 bu. When the visible is posted on Monday, it will be compared with an increase of 20,903,000 bu last year.

There was considerable flour business consummated overnight and an increase in spring flour business. The markets, of course, were under the influence of July liquidation, today being the last trading session. With many shorts waiting until near the close, beans finished up their permissible limit for the day, but the rather outstanding feature was the liquidation in July corn. The deferred futures of wheat gave a good account of themselves. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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TELEPHONE HARRISON 7-6282
141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 July 25, 1949.

Temperatures were pretty high in the Northwest, and while there were a few scattered showers, precipitation was not heavy at any point except possibly International Falls. In Canada, temperatures were not as extreme, but apparently it was generally felt that the hot weather in our country was hastening maturity of the spring wheat crop, and that at best we could not expect that the final would be as good as indicated by the last government report. Another factor in the market was the continuation of flour business with more hedges taken out of the pit, and this was most noticeable right after the opening with the result that we had higher prices with very little new pressure. Chicago receipts were again quite heavy, with 455 cars in this morning, but this was more than offset by the very heavy milling business, some estimates running as high as 20 million bu in wheat equivalent during the past few days.

As far as exports are concerned, nobody can be too sure whether the 450 million bu for wheat and flour set up under the goal will be reached by the end of this season. Possibly due to crop deterioration in Canada, demand from the United States will be somewhat greater. We find that since last August to July 14th, Canada, Argentina, Australia, and the United States shipped a total of 870 million bu compared with 842 million bu the previous year. As far as we can judge, the month of July was poorer in exports by quite a margin than last season. At that time we shipped about 70 million bu, but, of course, now the European trade is waiting for the International Wheat Agreement to become operative; also, the government has not been a heavy buyer, and all in all, we think that shipments have been much smaller. Even before the International Agreement goes into active operation, problems are beginning to arise. The main one is to find enough money to pay the export subsidy on wheat which is shipped, and while Congress was asked for an appropriation to pay the difference between the export level and the support price, we have not heard of any definite decision being reached. Unless Congress does act, wheat subsidies will be at the expense of the price support program, although in the final analysis it all comes out of one purse and simply means more money.

Weather conditions, according to Broomhall, were mostly favorable for maturing crops and the extension of harvesting operations in Europe. Quality of wheat in France is said to be excellent and yields quite often are above average. In the earlier-harvested areas in that country, yields were somewhat disappointing but it is still expected that the outturn of wheat will fall somewhat below 1948. The Italian harvest is expected to be slightly larger than last year, although some private sources were of the belief that the crop might exceed recent calculations.

It is somewhat difficult even after keeping in touch with various observers in Washington to forecast whether or not the 90% loan as voted by the House will be acceptable to the Senate. A good many people believe that with minor changes the Aiken Law will be permitted to stand, and it is interesting that Senator Anderson, former Secretary of Agriculture, was willing to accept the sliding-scale loan, with modifications, suggesting 75 to 90% instead of the 60 to 90% proposal which would become the law of the land if no agricultural legislation were passed before Congress adjourns.

Reports from the Argentine claim that farmers are following suggestions to plant more wheat, and that the Province of Santa Fe has seeded about 25% more than last year. The same is true to a lesser extent in Australia, where producers have planted a rather large wheat acreage, probably in excess of the previous acreage, with conditions up to this time apparently satisfactory.

When the visible supply of wheat was posted, there was an increase of 19 3/4 million bu or nearly as much as last year. Total stocks in all positions are 168.6 million bu, which is 52 million bu more than a year ago. Corn decreased 1 1/4 million bu, with total stocks 6.7 million bu vs 2.7 million bu last year. Chicago stocks showed an increase for wheat, oats, and rye but a small decrease for corn. In any case, we have 16 1/4 million bu of wheat in this market, with some cars still to be unloaded. The demand for red wheat is still very poor and this apparently is causing some widening of the carrying charge between September and December.

While markets were all very firm, best prices in wheat were not maintained. Mill buying was the main influence although there was some speculative accumulation also. Beans were very strong and this may have had a little influence on coarse grains which also advanced to some extent.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 26, 1949.

In the crop-year just ended, all previous records of U.S. grain exports were broken, and never before in history has any nation during a twelve-month period, shipped 686 million bu grain, such as we did during the 1948-49 season. Wheat alone accounted for more than 500 million bu, including flour and macaroni products, likewise a record. The fact that we were able to clear this quantity has apparently given confidence to the government that it might be possible to export 450 million bu in the season ahead, and they are probably looking for a continued flow of exports over and above the sales guaranteed by the Wheat Agreement and the needs of Germany and Japan. However, there are a good many grain men who are a little critical and they say the goal will never be reached even though the Canadian crop turned out poorer than was first considered likely. Some doubt that the total will be much above 350 million bu; therefore, nobody can forecast just what the carryover will be one year hence, particularly since there is still some deterioration taking place in the spring wheat areas and no doubt the final figure will be cut considerably even from the July estimate.

After the close last night we were given the official figure of the wheat carryover for July 1st, and the government made it 293 million bu, somewhat less than the figure discussed previously, and quite a cut from a figure of 325 to 350 million bu, which some people had regarded as a possibility. On basis of this reserve the disappearance of wheat last season was 1,191 million bu, the largest amount used in a single year, except in the 1945-46 and 1947-48 crop-years. However, when we deduct the 500 million bu wheat and flour shipped abroad, we can only conclude that domestic disappearance was 691 million bu, which is some reduction from the much higher figures reached during the war when the amount fed to animals was so much greater. The rye carryover was considerably more than had been generally expected, probably for the reason that imports last season were heavy. This figure was 8.3 million bu compared with only 3.4 million bu last year. Therefore, marketwise it had some influence of a bearish character, although total stocks in North America are still very small in comparison with the past. While it was no particular surprise, the Department reported 1,277 million bu corn in all positions on July 1st. This is the largest on record for that date, and suggests that we may have 800 million bu or more left on hand at the end of the crop season.

When our market opened this morning, prices were generally lower. It was not so much due to statistics aforementioned, but probably a natural reaction following several days of advancing markets and the supposition that we would probably run into a slower business in flour since urgent needs had been covered, and, indeed, a good forward business has been booked. Some trade estimates believe that as much as 25 million bu in wheat equivalent have been covered through these recent transactions, and, of course, covering of hedges was an important element, but we may miss this support if new business is of a diminishing character. There is no particularly bearish emphasis on markets for two reasons: first, there will probably be 500 million bu wheat, or possibly more, impounded under the loan; furthermore, the USDA has announced a 17% acreage reduction, which will bring the total just under 69 million acres for 1950. Deterioration in recent weeks, coupled with a considerable decline in the estimate of 1949 production, has saved the Department from the legal necessity for proclaiming marketing quotas, but the allotments might accomplish nearly the same purpose.

Primary receipts of wheat amounted to 4,637,000 bu compared with 6,890,000 bu last week, and 5,365,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 560,000 bu.

One of our friends in the Northwest wrote us that the past week was not too bad for crops. However, he would not be inclined to estimate more than 225 million bu for the entire spring wheat crop. Harvesting has started now in southern North Dakota and Montana, and will be moving northward every day. A late feature was in an item put out by the Agricultural Department under "Foreign Agricultural Relations." They believe that U.S. farmers can expect their sales to Great Britain to be cut by about 25% owing to dollar shortage.

Corn reserves on hand are three times as large as the very small stocks which were held a year ago at this time, and present stocks are half again as large as the previous peak of 831 million bu. on July 1, 1943. The carryover reserve of oats amounting to 295 million bu is the largest of record, despite heavy disappearance since harvest.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 27, 1949

Trade has felt for some time that pressure on our markets would be only temporary, but the season was somewhat different from others in that most of the accumulations were taking place all at one time. Excessive moisture in the Southwest caused some delay in gathering of winter wheat, and as a matter of fact, harvesting operations in Texas and in Kansas were almost simultaneous, while the movement in the Central States followed closely on the heels of first arrivals in the Southwest. Now we find that spring wheat is coming to market in larger volume and somewhat earlier owing to the fact that hot weather in the Northwest forced the crop to maturity. Those who have had confidence that higher prices would finally come about have had to exercise some patience because after all total yields in this country are still very large, although considerably reduced from earlier estimates.

There have been no figures submitted yet by the Department of Agriculture showing quantities of wheat impounded. Even if these figures were available, they would probably not be a true criterion of what is taking place. Farmers of this country are sufficiently prosperous that they have not needed cash to pay their grocery and sundry bills, and, therefore, we believe that there is a good deal of wheat which has been made available for the loan but which has not yet been impounded. We are convinced, however, that it is only a question of time before this will all work even to a greater extent than last year when there was a wider variance between market values and the loan level. There are some exceptions, of course. In the Northwest the high premiums that are ruling for cash wheat make it attractive for some farmers to sell their grain. We have had numerous reports that a pretty good percentage of the spring wheat crop was being offered on the market. It seems a sort of paradox that this situation should exist Northwest, while in the Central States red wheat is a drug on the market and prices are much less attractive. However, there has been a tremendous flour business during the past week. Some of the millers sought protection through the purchase of futures and are now busily engaged trying to cover their cash wheat, with the result that the spot market Northwest has been maintained at a relatively high level. The Northwestern Miller estimates that when the rush of spring wheat flour business started on July 22nd, until it subsided about thirty-six hours later, 3 million sacks were placed on the mill books. This they felt would fulfill bakers' requirements for 120 days ahead, and that many of the mills now had anywhere from 40 to 90 days' running time. Moreover, mills in winter wheat sections of the country also booked additional substantial amounts, and while some sacrifice in price may have taken place, this has all given stimulation to markets, although we may find a lull now until domestic consumptive demand again comes into play.

Overnight weather was reasonably satisfactory, with some moisture in the Northwest, although in many places it may be too late to accomplish much good. There were, however, rains also in Iowa and in parts of our Southwest, although Oklahoma was not much favored. The latter will probably require further precipitation in order to get the next winter wheat crop properly seeded, although there is still plenty of time.

European crop news seems to be mostly satisfactory. Good progress was made in France during the past week and yields should be above the average of recent years, although smaller than last. Harvest is about completed in Italy and the outturn will be larger than in 1948. In Germany weather conditions have been favorable, although reduced plantings are expected to hold down yields. Russia has had rains in the South which delayed harvesting, and incomplete reports indicate somewhat spotty conditions elsewhere.

Primary receipts of wheat amounted to 2,780,000 bu compared with 3,626,000 bu last week and 3,734,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 837,000 bu.

Markets were a little indifferent at the start but later on cash wheat at Kansas City showed a much better undertone. We had some speculativebuying here and locals were quite aggressive on the constructive side of themarket. There was no important pressure fromthe Northwest, and as a matter of fact, September wheat at Minneapolis was being bought against sales here by a mill probably putting hedges back in that market against the recent flour business. Corn was likewise firm and the government now states that there is 532 million bu of corn impounded through loans and purchase agreement. The all-time previous record was 302 million bu in 1939-40. We feel that there will be large quantities of free corn left in the carryover at the end of the season because of the tremendous reserve stocks that we are almost bound to have on hand. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 28, 1949.

After the close of the market yesterday, an announcement came from ashington that the government would support the 1949 cottonseed crop at 90% of arity. This suggested a loan rate of about $50 a ton, and its effect, of course, was ather widespread, with lard opening higher this morning and soybeans up sharply. here are other factors also in beans which are bringing bullish enthusiasm into the arket. The government has announced it will export about 2 million bu of its oldings to occupied Germany, and has banned imports; therefore, we feel that arryover stocks will be very small, and while crop prospects are still very good on reduced acreage, it seems that our domestic consumption is at the rate of about 5 million bu a month. So with the holding tendency on part of producers and rocessors in the market continually for supplies, it appears as though the nearby eliveries would rule at a premium over the deferred.

All this had very little influence in other pits, although the general tone of he market was steady at the opening. There seemed to have been liquidation in heat, probably for the reason that the ECA Bill has been held up in the Senate, nd apparently one of the snags came about over an amendment which would have orced this agency to buy $1 1/2 billion in surplus American farm commodities. s we understand it, the whole bill now goes back to the committee, and in the event here are further delays our export program may be held up for a period, although n wheat there continues to be skepticism as to whether we are going to meet the ull government goal of 450 million bu. For the first month of the season, or during uly, we rather feel that clearances will be far under the level of 1948. There is, f course, another reason: namely, that some of the foreign purchasers are holding ack until the International Wheat Agreement becomes operative on August 1st. o it can readily be seen that there are many complications that ordinarily do not ave to be met.

Overnight weather was rather satisfactory. There had been some fairly ood moisture over the Dakotas and Minnesota. Likewise, precipitation was reorted in Manitoba, eastern portions of Nebraska, and western Iowa, while there ere also rains in the Texas Panhandle. This did not have too much influence on he market, and as a matter of fact, the spring wheat crop in this country is about made, so that additional scattered showers which are forecast for this afternoon and tonight in central and eastern portions may be too late to do much good.

We find that since August 1, 1948, Black Sea ports have cleared 32 1/4 million bu wheat, while exports of all grains since that date have amounted to nearly 48 million bu. Thus it is obvious that there may be some competition from those sources again in the season ahead, although not too much is known yet of Soviet crop prospects. An official report from there states that cereal crops this year are generally good and that the acreage to spring wheat was increased by about 4 million acres.

Primary receipts of wheat were just under 4 million bu, compared with about 5 million bu last week, and 4.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,142,000 bu.

Trade was not particularly active except for beans, although there was some selling in wheat by locals who had been recent buyers, and yet the market seemed to meet some support on breaks, probably by those who felt there would probably not be sustained weakness as long as the government program was such an important influence.

Milling demand was rather slack, and according to the Southwestern Miller, spring wheat mills had sold considerable flour out on the West coast, but volume now has slowed down to well below capacity in other regions of the country. Therefore, there was no particular support from that source, but yet the open interest keeps going up, and open contracts are 85 1/4 million bu, which is the largest in some time. Naturally, there are some hedges coming into the market, and we look forward to another big increase in the visible supply on Monday, although in the Southwest receipts are dropping off, and it looks to us as though pressure down there would be at a minimum before long. Chances are that cash wheat may be hard to buy in volume, particularly with the large quantities that are going to be impounded.

Corn prices were somewhat lower in sympathy with wheat, but in the same way there were some resting orders to buy on breaks.

Beans exhibited great strength, and with the cash market for old crop very strong there seemed to be very little selling except profit-taking as the market advanced.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 29, 1949.

When our market opened this morning prices were somewhat reactionary, particularlyfor soybeans, which had such a sharp advance yesterday. It must be borne in mind that up to the present time we have not been a large exporter of beans, but that despite the large crops that have been raised in this country we were able to take care of them through increased domestic consumption. The fact is that our production increased from 9 million bu twenty years ago to well over 200 million bu, so that now we about equalled production in China, which previously had been the largest producer of this cereal. We have heard it stated repeatedly that the Germans would probably rather have 20 million bu of our beans than 100 million bu wheat. The reason for this is obvious, as they are getting a sufficient quantity of starches and carbohydrates by raising large potato crops. However, with the shortage of oil those people could use more beans if we could spare them, as they themselves raise negligible amounts. Two days ago our government announced that arrangements had been made to export an additional 2,100,000 bu 1948 crop soybeans from CCC stocks. These beans were purchased by the Army for export to the bizonal areas of Germany. On June 30th the Department had announced the sale of 1,900,000 bu 1948 beans to the Army for export to Japan. So there are great possibilities in this direction in addition to about 15 million bu which is domestically utilized although the crop still looks extremely promising, but the acreage will be somewhat smaller than last year.

There was some buying of wheat in our market when the Kansas City September future became very strong, and went to a premium over the deferred months. There were reports although not confirmed that the government might become more active, although they seem to be only entertaining offers as had been the policy heretofore except that they were seeking offers on an FOB car Galveston basis, which might be the beginning of a more aggressive policy on their part. In any case nobody can tell for sure whether we are going to ship 350 or 450 million bu wheat from this country. A good many experts believe that the higher figure often mentioned by government officials is too optimistic, but in any case the longer wheat prices stay under the loan level the more certain it is that larger quantities will be impounded and thus removed from commercial channels.

As far as Canada is concerned, weather has probably been a little bit better during the past week, and precipitation averaged from light showers to over 7 inches. Areas where rains were the heaviest were the greater part of Manitoba and southeastern Saskatchewan. Cutting has started in southern Manitoba and very likely by next week will be general over the entire South Plains area, weather permitting. In a few days the Canadian crop season draws to a close, and their carryover reserve will be well over 90 million bu, as there was 98.6 million bu available for export and carryover, with only one week to go when the last figures by Sanford Evans had been compiled.

The International Wheat Agreement becomes operative on Monday, and it is expected that exports will be made at about 50¢ per bu under the prevailing domestic price. We also understand that CCC wheat will be made available for purchase under the agreement to cash-paying countries at the maximum price under the agreement. CCC will absorb the necessary inventory loss. However, they will not absorb such loss on shipments to ECA countries.

Primary receipts of wheat were more moderate, amounting to 3,481,000 bu. This compared with 4,311,000 bu last week, and 3,733,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,389,000 bu. When the visible supply is posted Monday, it will compare with an increase of nearly 17 million bu last year.

There was fair strength to our markets, despite the fact that flour business is still very poor. However, there was quite a little speculative support today with the possibility that CCC buying might become more aggressive, and we heard that some No. 2 red wheat sold FOB Philadelphia for late August shipment at September price.

In corn there seemed to be buying of September by houses associated with export connections. It is thought that covering of cash corn also took place for early August shipment via the Atlantic. The strength of September also had some influence on the later months. Trade in beans was lighter but there seemed to be buying on soft spots. Some profit-taking also occurred probably for the reason that cottonseed oil prices were a little more moderate after the recent sharp advances.

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CHICAGO, 4 August 1, 1949

After the close of the market this afternoon, the Department of Agriculture ill give the first subsidy rate to be paid under the International Wheat Pact, which ecomes effective today, and each day at 2 P.M., Eastern Standard Time, the export ubsidy will be announced daily: that is, Monday through Friday. The Department another statement stated that the subsidy will apply to all countries participating the Agreement except for exports financed by funds obtained from ECA appropriations. In effect, the subsidy is designed to help millers in this country, as the bulk grain export business is under control of CCC. There are still quite a number of ountries which have not as yet ratified the Pact. They have until October 31st to o so, but so far such countries as Bolivia, Brazil, China, Colombia, Cuba, Mexico, orway, the Philippines, Venezuela, and others, which are all potential users of our heat, have not come under the Agreement, and no subsidy payments will be permitted to the non-signatory countries. Major Strange, in commenting on the Wheat act and its effect on Canada, states that contrary to general supposition the only uarantee to Canada and other exporters for the sale of any wheat is at the minimum rice of $1.50; on the other hand, importing countries have a right to demand that xports should sell wheat at a maximum of $1.80 if importers so desire. Should e price fall between $1.80 and $1.50, then Major Strange points out that there is o guarantee of either price or quantity to be bought or sold. Furthermore, importing countries have several escape clauses by which they can get out of their commitments if they wish. The exporting countries have no such escape clauses if they have e supplies.

News from Europe indicates that weather is generally clear and favorable r harvesting late crops. Both Italy and France are reporting good yields, and the rmer country states that quality of the wheat in the North has never been surpassed. his information originates from Broomhall, who further comments that with help om North Africa this year, France will not be short of wheat in the coming twelve onths. In Germany wheat is better than rye but yields of all grains should be enerally good this year. Outturns in Holland, Belgium, and Great Britain will be atisfactory, although these countries have somewhat reduced acreages. Harvesting Europe is in full swing.

In this country the Santa Fe Railway has issued their August report, in which ey state that in the far Northwest area of the winter wheat belt, it appears as ough previous estimates on the 1949 wheat crop have been too high. According to is source, there is some room for doubt as to the probability of the Kansas crop qualling the July 1st estimate of the government. They feel definitely that the exas crop is closer to 90 million bu rather than the last government figure of 108 illion, and that Colorado has been reduced about 10 million. The Oklahoma crop is ill estimated at 85 to 95 million bu, which compares with the July 1st government stimate of 89 million.

Corn news remains much more favorable. The Baldwin Elevator Co. of ecatur, just issued a report that where moisture has been sufficient, and this overs well over half the acreage, the corn crop is as near perfect as it could grow date. In some early fields ears are so heavy that they are hanging down, something ever before witnessed at this date, and the early corn should be out of danger of ost the early part of September. The C&NW Railroad August 1st crop report ated that seldom has the corn crop been more promising through the major producing regions and that a mammoth crop is in prospect. They estimate the outturn s of August 1st as 3 3/4 billion bu. According to one of our representatives, if there no setback, the big problem facing farmers will be the old crop corn, of which the ribs are full. The movement of new corn will almost coincide with beans this year, s the corn crop at this stage is ten days to two weeks early.

Primary receipts of wheat today totaled 4,268,000 bu vs 5,819,000 bu last eek, and 6,590,000 bu last year. When the visible was posted today it showed an crease in wheat of 15,796,000 bu, bringing the total to 184,409,000 bu, or approximately 51 million bu more than a year ago. Chicago stocks of wheat increased 900,000 bu, and now stand at 18,176,000 bu. Corn stocks here decreased 125,000 bu, aving 1,327,000 bu on hand. Chicago stocks of oats increased 1,102,000 bu.

There was no particular feature to our market today. The CCC still pursues e inactive program of asking for offers but not bidding for wheat. New flour siness is extremely poor, with current sales running about the poorest for the op season to-date. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 2, 1949

A year ago at this time export business was humming, and during the month of July we shipped about 70 million bu wheat and flour, thus starting off what proved to be the largest export season in our national history. In fact, with more than 500 million bu shipped for the entire year, this was more than any exporting country had ever done in a similar period. The government plans to trim its sales somewhat, but still has set the goal at 450 million bu for the 1949-50 season, which would be a reduction of only 50 million bu from last year. Many people in the trade, who have devoted a lifetime to the handling of exports, are skeptical as to our ability to ship that much. Moreover, they believe that when the July figures are finally given, the reduction from last year will be very disappointing. Ordinarily when exports are handled by the private trade, about 70% of the shipments take place during the first six months of the crop season, or in other words, from July to January. Nevertheless, when costs are not too important and when all ports are being used to facilitate trade, with the government pushing sales, many of which are made to ECA countries on credit, it is quite a different story. We do hear from several sources that one of the reasons for the small business passing right now is that appropriations have not been forthcoming. It may be possible that the government is waiting until some of its wheat which came to them through default has been sold to provide funds for heavier purchases. In any case CCC is buying only meagerly and purchases of grain during the period from July 22nd to 29th included only 1.1 million bu wheat and almost negligible quantities of corn and rye. For the first three weeks of this month, wheat purchases have totaled only 7.3 million bu, also small, and we believe that the market is quite indifferent because of this unaggressive program. Still it does not alter the possibility of 500 million bu wheat being impounded under the loan, which together with our domestic consumption of close to 700 million bu would probably account for more than was raised this season, including both winter and spring wheat crops. Thus we feel that a tighter situation may develop later as we draw upon our accumulations.

We have absorbed quite a few hedges from the movement of the Southwest crop, and later that which was raised in the Central States, probably being on the last lap now with the spring wheat movement pretty well under way. The North Dakota crop should start to move in about a week or ten days, and cash markets at Minneapolis have begun to feel the effects of harvesting operations, but at best the crop upthere was not too large. There seems to be a wide variation between stations and districts. In eastern Montana, with a few exceptions, the crop is very light, according to the Occident Elevator Report issued today. However, the appearance seems to be a trifle better in North Dakota East of the Missouri River.

Exports now will have to be handled under subsidy because of the International Wheat Agreement, and some disappointment has been expressed both by grain men and by millers that the rates have not been high enough. However, we understand that they will be announced and may be changed daily; therefore, if it is the government's desire to ship more heavily the rates may be brought more into line with actual conditions in order to make up the difference between the domestic price of wheat and the export level. Meanwhile, flour demand is still very poor, including domestic sales, which are almost nil; even inquiries, we are told, are few and far apart.

Primary receipts of wheat amounted to 4,105,000 bu compared with 4,637,000 bu last week and a little over 4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 259,000 bu.

While the Chicago wheat market was weak in comparison with both Kansas City and Minneapolis futures, there was no great amount of pressure here although it is generally recognized that red wheat has been a drug on the market and it may take a while yet before this is overcome. It was announced that Spain had chartered five boats to move U.S. wheat from eastern ports, and apparently this is being supplied through CCC but it is said to be new crop red winter wheat, which will be helpful as this particular grade has been raised in such abundance.

It seems that a compromise Farm Bill has been proposed by Senator Anderson the former Secretary of Agriculture. It would give a trial run on payments covering citrus fruits, apples, vegetables and similar farm products classed as non-storeable perishables. However, the flexible price support program on the so-called basic crops would be put into effect ranging from 75 to 90%. Weakness in soybeans was probably due to an overbought pit condition.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 August 3, 1949

In a few days the government will give us fresh estimates of both winter and spring wheat crops and possibly some reductions will be shown since the July figures were compiled. However, based on the forecasts of last month, and adding the carryover of 293 million bu, which is now official, we find that we started the season with a total supply of 1,482 million bu, which is still very large and about the same as in 1948 when, with a smaller carryover reserve, we had 1,484 million bu. Only twice before were supplies much in excess of these figures. If we assume that the domestic disappearance in the season ahead will total about 700 million bu, and if we also accept the government export figure of 450 million bu (which many regard too high), it would still leave us with a reserve of 330 million bu one year hence, with any upward or downward revisions to be made according to final crop yields. It is also significant to note that because of these large supplies with which we are dealing, wheat prices have been below parity since May, 1948, and thus, it shows that even with all the resources of the American government used to help agricultural policies that it is not easy to keep prices permanently higher than their merit. This has all occurred in spite of record shipments of wheat with 500 million bu, including flour, cleared from this country in the season just ended. The chances are that the situation with respect to corn will be even worse and if we should finally raise from 3 1/2 to 4 billion bu of this cereal, together with a surplus of more than 800 million bu, we are going to have tremendous reserves so that the question of storage will become an increasingly greater problem.

The CCC has guaranteed the use of grain storage facilities built by private enterprise. The new phase of overall storage building was aimed at expanding commercial storage by cooperative and other commercial enterprises. To show what extremes have been resorted to, we understand that the Sampson Naval Base in the East will be used to afford between 3 and 4 million bu of space in barracks, drill halls, and other structures at this point about 12 miles south of Geneva, New York.

We have not as yet seen any regulations issued as to export of flour under the subsidies which became effective on August 1st. However, many mills feel about the same as we expressed yesterday with reference to wheat, namely, that they do not see much chance of any large quantities being cleared by the private trade owing to the fact that they are barred from doing business with those countries whose purchases are financed by ECA, and the non-ratifying countries are excluded from the benefits prevailing under the International Wheat Agreement. In trying to reconstruct the subsidy at our Gulf ports against the price at Fort William, we figure that it costs approximately 31 1/2¢ per bu to ship wheat to the United Kingdom from Fort William. This, added to their $1.80 base price, would make the delivered cost to the importer $2.11 1/2. Wheat at the Gulf is worth approximately 17 over Chicago September price, or on the basis of last night's close, approximately $2.21. The shipping cost from the Gulf to Great Britain is approximately 20 1/2¢, bringing the total cost delivered to the United Kingdom of $2.41 1/2¢, less the 26¢ subsidy, which leaves the price at $2.15 1/2 vs the Canadian price of $2.11 1/2. This does not allow for the premium which the Canadian wheat usually commands. However, in figuring the rates to Cuba and Colombia at prevailing ocean rates, the wheat under the subsidy would figure 5¢ or 6¢ lower from the United States than from Fort William and would be more in line with premiums usually prevailing for their wheat.

Primary receipts of wheat totaled 2,048,000 bu vs. 2,780,000 bu a week ago and 3,664,000 bu the comparable day of last year. So far this week Minneapolis and Kansas City stocks of wheat show a net increase of 225,000 bu.

Crop news from the Northwest is still rather spotty, but this had no influence Chances are that when the July exports are published there may be a decline of 40 to 50 million bu compared with last year, and this will, indeed, be difficult to make up later. Milling business is poor and new bookings are said to be small with the trade probably pretty well covered for the next sixty days. The market seems to lack any aggressive buying on part of CCC. Both Kansas City and Chicago Offices continue the policy of asking for offers. There was only 85,000 bu purchased yesterday through Kansas City and even less by Chicago. Nothing was reported from the West Coast. Beans met selling, despite the fact that the demand for cash is keeping up with many processors in the market. Corn weakened and after resistance points in December were reached the market fluctuated downward.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 4, 1949

In announcing last month the national wheat acreage allotment of 68.9 million cres, a reduction of 17%, no marketing quotas were proclaimed. However, under e acreage allotment only those growers who cooperate with the allotments will be ntitled to price support. The Secretary of Agriculture feels that if wheat growers general stay within their acreage allotments it may be possible to avoid marketing uotas in future years. The one difficulty that we foresee in acreage control is the ct that there is no control of the great dominant factors, weather and growing conditions. In the June 1st government report, the forecast for the 1949 wheat crop was ,336 million bu. Using the figures of a private estimate today, total outturn is iven as 1,120 million bu, a reduction in the past sixty days of 216 million bu, or aproximately 16%. If a similar experience should be encountered on the reduced creage, it would materially affect supplies of wheat in this country. Another factor n acreage allotment is that there are certain sections of the country which do not pply for loans in the same degree as other sections. We refer mostly to the eastern reas where impoundings have always been smaller than in the Southwest or the orthwest; therefore, the price will be a big factor. Today we heard a comment rom Colorado that the compliance might not be very great. That State has witnessed great expansion in acreage, and the allotment for 1950 is for quite a drastic cut: amely, 2,272,000 acres vs. 3,526,000 acres actually sown for this year's harvest. ooking at the eastern sections, Illinois' allotted acreage is 1,600,000 vs. 1,900,000 own this year; Indiana, 1 1/2 million acres vs. approximately 1,800 million sown; hio 2 million acres allotted vs. 2,377,000. In the Southwest, Kansas will be curtaild about 2,400,000 acres, Oklahoma about 1 1/2 million acres, and Texas 1,700,000 cres.

The private estimate today places the total wheat crop at 1,120 million bu, r a reduction of 79 million bu from the government report of July 1st. Taking this igure and adding the carryover of 293 million would give us supplies of 1,413 milion bu. It was originally estimated that exports would total 450 million; our omestic usage is about 700 million, which would leave a carryover next season of 63 million, or a reduction of 30 million. However, the impounderable at the moment s the export program, which is certainly lagging, with the estimated July exports howing about 50 million bu below a year ago, and unless the program can be stepped p very considerably, we doubt if this 50 million can be overcome; in fact, in some xport circles the thought is expressed that exports may not be within 100 million f the goal.

The Minnesota weekly crop report states that corn and soybeans continue to ake rapid progress the past week, and that these crops are in excellent condition hroughout the major production areas, although a deficiency of moisture early in uly caused some damage in scattered areas of the South and East. The corn borer nfestation is more widespread than a year ago. Harvesting of small grains is completed in the southern counties where the straw was generally short and the fields thin.

Primary receipts of wheat were slightly over 3 million bu compared with early 4 million last week and 3.8 million bu last year. Kansas City and Minneapolis tocks so far this week show a total increase of 224,000 bu.

Markets today were rather erratic and dominated a good deal by local traders, ho seemed to be on both sides of the market. This caused liquidation at times particularly when rye was so weak, but there was also buying on the declines, which gave s a fairly steady close. According to the Southwestern Miller, a chain in the Southest has bought some flour and an eastern firm is inquiring, but outside of this omestic business is almost at a standstill.

We find that shipments from the Black Sea last season amounted to 50 million u grain, of which 34 million bu comprised wheat. This shows some competition hat we are going to have to meet. Likewise there is going to be some export business later from the Argentine, but the main thing, as far as U.S. clearances are concerned, is that the present restricted subsidy is not sufficient to permit general usiness in either wheat or flour. However, that may be changed later on. Seeding n the Argentine is about finished, as far as small grains are concerned, and progress eems satisfactory.

CCC wheat purchases through the Chicago Office yesterday amounted to 10,000 bu; elsewhere transactions were light. Corn showed some weakness and esitancy at times. The private estimate today was for a yield of 3,559 million bu, still very large, although somewhat less than last year's bumper crop. The Chicago corn-hog ratio was 13.3 this week compared with 13.5 last week and 12.2 a year ago.

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CHICAGO, 4 August 5, 1949.

There was no particular grain news overnight except that the Senate Agricultural Committee had come up with a surprise Farm Bill late yesterday. It provided for flexible supports ranging between 75 and 90% of parity, and included in the parity computation hired farm labor as an element of the cost of production. This, it is thought, might raise the parity formula structure by about 6%, and is, therefore, quite important. For example, with wheat parity at over $2, it would increase it by 12¢ a bu, and in the case of corn it would amount to about 9¢, so that even if general living conditions and the price of goods and services declined, we might have as high a level next season as we have in the past, and possibly even higher. Another new feature of this Farm Bill that has just be published by the Sub-Committee is that it provides for a support 90% of parity for the first year if either allotments or quotas are in effect. Thus we may not have any drastic changes next season even if the flexible loan basis is established.

Our first reaction is that while prices might be held artificially high for a time, we cannot escape a final day of reckoning, and possibly this will come sooner in corn than in wheat ifaccumulations continue to be built up. The ultimate cost of most of the plans now being projected stagger the imagination, as they run beyond the trillion-dollar range. This is an amount that might well exceed twice the estimated wealth that has been accumulating since the Pilgrim Fathers landed here more than 300 years ago. From our point of view deficit financing should be avoided wherever possible, particularly as we already have a national debt of $250 billion. It certainly is a sad commentary on a country with such a record for outstanding contribution to material welfare that our officials can come forward with federal spending as the only panacea for our domestic economic ills and for world salvation. In the words of one of our own Senators: " Without American solvency our constitutional freedoms would disappear at home and there would be no deterrent to communism abroad. Under existing circumstances, it is no exaggeration to say there is literally nothing on earth more important than the preservation of the fiscal integrity of the Federal Government of the United States and the financial stability of our free enterprise system."

We want to make a correction for a rather serious error committed on our part. In talking of exports we used an incorrect figure for clearances made a year ago this July. Now that the government has broken down wheat and flour shipments, and has also given the total exports of other grains for last year by months, the following will prove of interest: (000 omitted)

(1948-49)	WHEAT & FLOUR SHIPMENTS	OTHER GRAINS
July	49,388 bu	9,363 bu
August	62,490	9,186
September	47,745	5,307
October	42,481	11,406
November	29,826	13,030
December	38,711	19,174
January	40,316	18,473
February	41,660	19,900
March	38,637	27,624
April	28,745	18,410
May	45,767	16,273
June	34,755	17,407
TOTAL --	500,521	185,553

Flour business is still very dull, and a good many complaints are being heard. According to the Southwestern Miller many plants are even falling considerably short of 30 to 35% of capacity, which is the general average. In any case it is not easy to get any new bookings at this time.

Primary receipts of wheat today amounted to 2,728,000 bu compared with 3,481,000 bu last week and 3,722,000 bu last year. So far this week Kansas City and Minneapolis show a total increase of 385,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last year of 12.6 million bu.

Markets were all rather firm today on the possibility of a higher parity computation for next year. The May futures were in better demand, with traders believing that the 90% loans would be a stimulating factor. CCC purchases yesterday were 65,000 bu in the Southwest, but the buying policy is still not at all aggressive. Beans opened sharply higher and old-crop beans were still in good demand with the price about $2.80 in the country on overnight bids.

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CHICAGO, 4 August 8, 1949

According to BAE the U. S. civilian per capita consumption of cereal food products this year is not likely to differ much from that of the season before. Generally speaking, the consumption rate of wheat products has tended to resume a general downward trend somewhat onthe pattern that we had in prewar days. It is considered likely that the 1948 rate of 135 lbs of flour per capita will continue in the current year. In a few days we shall have another government report, and chances are that a further reduction will be made from the July figures, possibly cutting total yields some 200 million bu during the past sixty days. While this is quite unusual, we must not forget that at the beginning of the season everything looked extremely bright, and tremendous optimism was expressed because of satisfactory moisture conditions at the start of the season and the big acreage. However, our carryover reserve is about 100 million larger than a year ago; so there is some offset in that direction, plus the fact that we are almost bound to export a smaller quantity than we did a year ago, when record shipments were made.

There is very little talk these days of inflation, and in fact, more is heard with respect to the problem that our government may have in connection with holding various crops at near support levels. The fact is that spending of cash by our government will be a major factor influencing the course of mercantile business. Without any change in tax rates, total income in the year starting July 1st will be something over $40 billion but the outgo is expected to total about $46.4 billion, so that we are almost sure to have a deficit of more than $6 billion. Thus deficit spending is a reality now and large-scale borrowing will probably take place in the first half of 1950. Also, the money supply will be bolstered by the treasury through the sale of new securities to banks when borrowing is forced on an ever-expanding scale. Should this occur at the same time when the private use of credit also expands, it would naturally result in a very sizeable increase in our money supply, and consequently could only be regarded as an inflationary potential.

When our market opened this morning prices were somewhat higher. The corn belt had experienced high temperatures and no moisture. Continuation of this weather is expected for the next thirty-six hours. There is nothing definite yet on ashington legislation but it looks very much as though the proposed Farm Bill ight be pushed through before Congress adjourns, and very likely it will be sanc-oned by Secretary Brannan; at least it is felt that he would not oppose the type of gislation now being considered, While the Aiken parity computation would probably have resulted in somewhat lower prices for wheat and corn, and possibly other rains which take into account modernization of farm equipment, including tractors, c., we believe that there is quite a good chance that farm labor will be included in e new computation, and thus the end result may be no serious change from the rity figures to which we have grown accustomed in the last few years. This likely ay be regarded as slightly bullish, particularly if large quantities of wheat are npounded, thereby removed from commercial channels. However, wheat exports re lagging, and according to Broomhall during July they amounted to only about 1/2 million bu, including flour, and there is no reason to believe that, despite e International Wheat Agreement, there is any material pickup in business at this me.

Our rye supplies for 1949-50 are indicated at about 31 million bu, somewhat ss than the 36 million of the preceding year. The crop alone should provide 20 illion bu, imports about 3 million bu, while the carryover stocks were slightly over million bu. It is difficult to say how we shall end the season, but apparently the on-food use of rye will be kept down to about the same level as the previous year. he government anticipates that exports may reach 5 million bu, which if true, ould probably give us a smaller reserve next July than is presently on hand.

When the wheat visible was published, there was an increase of nearly 10 illion bu, of which 1 1/4 million was in Chicago. Total stocks are 194.3 million bu ompared with 146 million bu last year. The corn visible decreased 656,000 bu, eaving 4.4 million bu in the visible compared to only 1 1/2 million bu a year ago. ats increased 3.3 million bu, totaling 20.7 million bu vs. 7.3 million bu last year.

Trade was moderate and at times there was a little selling of wheat in ympathy with lower corn prices and disappointment that government purchases ere still so small. Corn became weak after the first few minutes of trade and ere seems to be widening of carrying charges, while in beans, strength in the cash arket is having a bullish influence on the price. UHLMANN GRAIN CO.

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August 9, 1949

There was no particular news overnight. Weather was rather hot in the orn belt states, but little attention is being paid to this factor for the reason that elief is in sight within the next few days, although not much rain is looked for except at showers are likely for Iowa and Nebraska. Ordinarily corn is pretty well out of anger by the 8th of August, unless it encounters an early frost, but with the crop so uch ahead this year, even that is not regarded as being very serious. In wheat we an only repeat what we have said so often before -- the government is not pursuing n aggressive attitude in purchasing. They seem to record offerings each day through eir various regional offices, but little business takes place and as a consequence ere is no particular inspiration given to the market at this time. The government eport will be issued tomorrow, and very likely will be somewhat bullish, although rade has been more or less prepared for another heavy reduction since the July orecast was published a month ago.

Less was heard today from Washington with respect to the proposed farm egislation, but in the meantime the International Wheat Agreement, which became perative the first of the month, is not bringing in any business of consequence. Ther ore, it would not be surprising if August shipments would again be considerably lowe han those of last year. The President has strongly advocated deficit financing as a neans of correcting our economic ills at this time. We note a very interesting resume in the New England Letter, written from Boston a few days ago. They point ut that money spent by the government is much less productive than that spent by ndividuals and business according to their discretion. They further state: "This as been demonstrated by the Tool Owners Union, which recently made a study of he fluctuations in employment in this country for the period 1929 to 1948, and found that the private investment dollar is fourteen times more effective in creating jobs than the public spending dollar. The reason for this gap in productiveness is that private investment in tools and equipment is not only revenue producing but also multiplies productivity, lowers costs, and expands the market. On the other hand, the dollar spent by Government for the most part is relatively sterile since expenditures are not self-sustaining and, therefore, add to the burden of the public debt. Furthermore, public spending creates uncertainty and discourages private investment as was so clearly shown during the pump-priming experiment of the 1930's."

Little is heard from Canada with respect to the wheat crop, although some reliable sources feel that 350 million bu for the provinces is likely, which might mea a total of 370 million bu for all of Canada. In our Northwest the past week was rather favorable for harvesting operations, and in some of the northern areas the final outturn may have been a little better than previously anticipated. Combining and threshing are drawing to a close in southern Minnesota and South Dakota, and a good start has been made with combining even in some of the most northern districts. In the Red River Valley, the quality of the grain held up quite well despite the delay encountered through rain, according to the Peavey Elevator report received by us today. The Searle estimate for the Prairie Provinces, issued this morning, was even more optimistic with respect to wheat grown in the Prairies. They indicated a yield of 364 million bu and on that basis we might expect 380 million bu for all of Canada. They also increased the rye estimate to 12 million bu, which is quite a recovery considering the poor prospects earlier.

Primary receipts of wheat today were nearly 4 million bu compared with a little more last week and 3.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 90,000 bu.

Trade was again moderate, but there was some selling of wheat in the absence of much support and a good many traders who were bullish recognize now that it may take time before the artificial factors are felt. Moreover, there is some pessimism due to the tremendous corn supplies that we may have to deal with shortly. The crop and carryover will amount to 4,330 million bu, based on official estimates; thus, setting a record for all-time. This is even 15% larger than the record supply last year and it compares with the low figure of 1,785 million bu that we had on hand in 1936 when our imports for the season amounted to 103 million bu. Thus, there may be some great problems to face if the crop comes through without any severe damage; in fact, total production of the four feed grains should be about 130 million tons and the supply of all feed concentrates should be about 8% larger than th big supply last year and one-third more than in the immediate pre-war period.

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CHICAGO, 4

August 10, 1949

There had been some moisture reported overnight. It was confined mostly o Kansas, Oklahoma, and western Iowa, elsewhere it was mostly dry and rather hot. The relief which had been indicated for the corn belt may be delayed somewhat, and in the meantime there are a few complaints being heard, although in the main we believe that the ears are pretty well formed. It is doubtful whether over-all damage can amount to a great deal, particularly as the crop was ahead of schedule. Iowa, which is the largest single corn producing state in the Union, and which last year raised about one-sixth of all the corn in the country, is naturally being carefully watched. During the past week showers were scattered, but on the whole were light; there were large sections that received no rain at all. Most of the precipitation was over the Sioux, lower Des Moines, and lower Iowa water sheds and near the Mississippi River in the East. It was claimed that dry weather had placed a heavy drain on soil moisture supplies and that additional rainfall would be needed for most sections of the state. There were also some complaints from Missouri where the corn crop was said to be uneven, and a considerable late-planted acreage which might not mature before the frost. However, advices we have from our own offices in Illinois were much more optimistic. Around Springfield early corn on good soil was past the roasting-ear stage and condition was perfect. From Lincoln we heard that the crop was ten days ahead of last year and that rain and cooler weather would be welcome. Bloomington reported condition of the growing corn better than last year, and all in all we imagine that even if there is some deterioration, we are still faced with a tremendous supply, including the record carryover. Later in the day we shall have the government report giving us estimates for August.

When our market opened this morning prices were somewhat lower, and this was particularly true for wheat and corn. It seems that there had been quite a few hedges covered yesterday in anticipation of some export business to Mexico, and while a million bu wheat was sold overnight, together with 350,000 bu from Canada, it had very little market influence. There continues to be great disappointment that government buying is practically nil. There was about 300,000 bu red wheat purchased through the Chicago Regional Office but this was for Crop Insurance Corporation, and apparently the amount of wheat going for export right now is very small, while the milling demand likewise is poor. We doubt whether bakers will come into the market unless there is a substantial break, except for hand to mouth buying, and this, of course, does not provide much stimulus for our market.

Broomhall's comment on European weather conditions seemsto be satisfactory and harvesting operations are progressing in the United Kingdom. The yield is turning out well but there was a reduction in acreage. In France, the gathering of wheat has gone along in good shape, while weather conditions in Italy continue good for growing corn and a large crop is expected. However, the oat yield is placed at 18% under last year. There is dry weather in Germany, but this is favorable for harvesting, although the potato crop is said to be only moderate.

Primary receipts of wheat were lighter today and amounted to only 1,311,000 bu compared with slightly over 2 million bu both last week and last year. Kansas City and Minneapolis stocks so far this week show a total increase of 193,000 bu.

Our markets today were without much interest. There was some buying on resting orders when wheat prices declined and after mid-session a forecasting bureau also advised its clients to purchase soybeans, which had a little stimulating effect in the absence of other news. There is still a large quantity of wheat in Chicago and nobody knows exactly what provision can be made to take care of corn after it is harvested and ready to move. As a matter of fact, corn prices, even with some talk of deterioration, are still far below loan levels, although cash corn is still bringing fairly good premiums over September. The nearby future has been losing somewhat on the later months and it is considered likely that we shall have a better movement to market before long in order to make room for the new corn so that farmers can avail themselves of the loan.

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CHICAGO, 4

August 11, 1949

After the close of the market yesterday the August crop report was published y the Bureau of Agricultural Economics, and total volume of crops was said to be econd only to 1948. While there had been quite a little deterioration in some of the mportant cereals, including wheat, oats, barley, and rye, this was partly offset by mprovements in corn, hay, rice and fruit. Winter wheat is now estimated at 895 million bu and spring wheat 237 million bu, or a total of 1,132 million bu, which suggests a decline of 57 million bu below the July 1st forecast, and now places the prospective crop as fourth largest on record. Corn crop prospects improved slightly with an increase of 8 million bu, but if the estimate of 3,538 million bu finds fulfillment we shall have a yield only 3% below the 1948 record. The crop is advanced in virtually all areas, and in Texas much of the acreage is ready for harvest, while most fields are tasselled as far North as the Canadian border.

In addition to the news just outlined, there were some rather widely scattered rains in Iowa overnight, which, of course, will bring relief to the crop, and generally speaking, temperatures may moderate to some extent, although mostly around the lake areas. July weather was warmer than usual in practically all parts of the country. Average temperatures were below normal only in south Texas and the extreme northwestern corner of the country. Rains, however, were frequent and heavy in most of the north central and south central areas, although there was a deficiency in New England and New York; also, along the southern border from southwestern Texas to southern California.

As matters now stand we are faced with the most liberal feed supplies in history, both in total and per animal unit. However, livestock to be fed during the coming season will exceed those fed in each of the three preceding seasons and in any season prior to 1941, though well below the 1943-44 peak numbers. Therefore, we may expect a rather heavy disappearance of feed grains, but in corn there is almost bound to be a tremendous increase in the reserve that we shall have one year hence. The rye crop of less than 19 million bu, together with the carryover of 8 million bu, should just about furnish a sufficient quantity to take care of domestic consumption. On this basis we shall probably have to import some from Canada, although the quantities north of us are plentiful even though the rye crop up there is only about half as large as last year. The carryover should be big and will be considerably more than the Canadian domestic utilization for the year.

News from Washington suggested a compromise on farm legislation, although eliminating Secretary Brannan's formula for a trial run on some of the perishable articles, making compensation payments to consumers, and it was said that this might give the Secretary a chance for an outright political issue next year. On basis of the various suggestions, it is still difficult to forecast which parity computation will finally be adopted, but one thing is certain: namely, that large quantities of wheat are going into the loan this season although this may take time to be felt marketwise, especially since government buying is still at low ebb.

Primary receipts of wheat today were about 2 1/2 million bu compared with approximately 3 million bu last week and 2.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 238,000 bu.

Milling business continued very poor, and there was no improvement from the tone of the market during the past few days. Apparently the larger bakers are still waiting for cheaper prices before making additional purchases. Likewise CCC buying was insufficient to restore confidence to the trade, and the result was a rather uninteresting session, with all prices sagging more or less except beans, which, despite liquidation, held rather firmly.

Wheat exports for the week were 5 1/4 million bu, bringing the total since July to 26.8 million bu. At that rate we are not going to meet our goal by even a close margin. The wheat crop in Britain is estimated at 76.6 million vs. 83.6 million last year. The crop in Algeria is also smaller than the season earlier, and Broomhall believes that the drought in Western Germany has done considerable damage with smaller yields for all cereals, but apparently none of this is bringing greater activity into the export field.

September corn continued to show a weaker tendency with respect to the later deliveries.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 12, 1949

Pool operations and government support methods were started in Canada for wheat before our government embarked upon its first program for trying to help the farmer. Consequently, they have had more experience up there in trying to set up marketing quotas, which at times has meant that producers in the Prairies had to carry a good deal of grain back on the farms rather than to ship it to market. Now it is compulsory for each Prairie farmer to sell his coarse grains exclusively to the Wheat Board, subject to penalties of fine or imprisonment if he fails to do so. Thus farmers will receive considerably lower initial prices than prevailed on the open market and will have to wait one year before they receive any further payments. All during the war, they were disappointed and discontented because their wheat prices were so far under the American level, and according to Searle Grain Co., Ltd., from whom we get this information, a number of farmers in Alberta, Saskatchewan, and Manitoba have said they were going to ask the government to relieve them of this compulsory feature, and to permit them to market their coarse grains in whatever manner that brought them the highest price.

Here at home we are struggling with a new farm program, and very likely compromise legislation will be worked out shortly by the Anderson Senate Agricultural Sub-Committee. As near as we can judge it without knowing all the facts, it may cut about 10¢ from the maximum support price for wheat next season due to a change in computing parity, although the inclusion of farm labor would raise the Aiken formula by about 6%, and thus provide for somewhat higher prices than would otherwise rule. Also, during the transition period, parity would be permitted to decline only 5% in any year until it reached its true level. Furthermore, there would be a 90% of parity loan for the first year of its operation, owing to the fact that farmers have been asked to cut their wheat acreage, and will probably have to follow suit with respect to corn and cotton. We are already hearing complaints from the West that the AAA wheat acreage reductions are anything but popular, and if these are applied later to corn, there may be further opposition.

For the moment there seems to be great concern as to what the government is going to do with the 1948 corn crop, inasmuch as new supplies will soon be available in great abundance. Some farmers are talking about moving some of their old corn during the next three weeks in order to make room for the new harvest. Undoubtedly there will be those who will not agree to hold it for another year even though they receive 10¢ per bu from the government, as this would hardly be enough to build the foundation for new cribs. Moreover, there is some reluctance about building additional space with the knowledge that a reduction in corn acreage and quotas may bring about a situation where storage or bin space may not be needed for many years to come. After this year's experience with open cribs, many farmers do not want to try a similar experiment for the future. We have no data or statistics on the amount of damage that might have resulted from rats, insects, etc., but are told that even 10¢ per bu might not pay for the shrinkage. Thus piling up of surpluses even if farmers would be willing to add additional or temporary space may not be a solution to all the problems now confronting us.

When our market opened this morning, prices were somewhat lower, although wheat at Minneapolis and Kansas City held relatively firmer, and we are still faced with tremendous supplies of red wheat, with the government not buying on any big scale. So prices in the East are considerably cheaper than for grain shipped out of Chicago. We have even heard of some wheat being shipped from here to Texas, showing the distortion which has taken place. September wheat at Kansas City today sold higher than the same delivery in Chicago, which is also a very unusual condition.

Primary receipts of wheat amounted to 2,692,000 bu compared with 2,728,000 bu last week and 2,734,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 345,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 8.8 million bu.

Lower prices in wheat were made during the fore part of the session. Later, in sympathy with higher prices for soybeans, there were some recoveries and there was no particular weakness in cash markets although milling demand is still very poor and this refere to domestic as well as export sales. May wheat was under greater pressure than the nearby deliveries probably for the reason that parity will be lower under the proposed farm legislation.

Corn futures displayed a better undertone except for the September delivery which is still bringing a premium over the new crop months. There have been valuable rains over Iowa, Illinois and Indiana but apparently these had little market influence

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CHICAGO, 4 August 15, 1949

It is always difficult for any government to hold a single commodity against trend, but when this is done in wholesale lot, trying to keep up artificially practi- ally all of our agricultural products, it probably becomes increasingly difficult, if ot impossible. Admissions have already been made that the costs have been heavy n trying to hold up the potato market, and particularly we believe where the ecretary of Agriculture indicated that for each 3 lbs. grown the government had to uy one. The same is true in peanuts, which is now classed as a basic crop, while ears ago we raised only $6 to $10 million worth, although that was before the rice was supported, and at that time the market was considerably lower. However, creage has been increased, and thus another commodity has been added to the list hich is creating losses for the Federal Treasury. One might extend this to eggs nd many of the other articles, but we believe that the real test will come shortly in orn if we have a carryover of some 800 million bu and another bumper crop that ill have to be stored under proper and adequate conditions before farmers can take ut loans. Whether the jolt will be so bad as to upset the whole applecart is difficult say. We appreciate that every effort is being made to build additional cribs and torage room both in the country and at terminals. However, we are probably going deal with a total supply of 4.3 billion bu. Ordinarily, 85% of the corn crop is un- fected by prices since it is fed so largely on farms. However, with an artificially gh loan naturally as many farmers as can will try to seek the extra benefits of npounding rather than of selling. Nevertheless, the problem is not finally solved mply by storing more and delaying the evil day unless we can be sure that pro- uction is finally curtailed to a point at which we can eat into our reserves, and thus o away with the excessive and even burdensome supplies.

In wheat the situation would not be as bad, even admitting that the bulk of the rop moves from farms and has to be handled. Probably large quantities are al- eady in storage, so that the loan, if not already taken, may still be available; con- equently, we feel that the reserves in the next July 1st carryover will be largely npounded. For the time being there is still some red wheat pressing on the market nd there are many farms East of Chicago where wheat is not grown as a primary rop; therefore, the farmer with no concentrated holdings may have sold rather than have availed himself of the loan. This in the aggregate might have put quite a ttle wheat on the market and; so it is going to take time before the pressure is ompletely overcome.

Weather over the week-end was quite satisfactory. There had been some ins reported both Northwest and Southwest, and in some sections precipitation as very heavy. For example, nearly 5 inches of rain fell at Topeka. This should ut the land in good shape for winter seeding, and chances are that there will be me scattered moisture during the next twenty-four hours over portions of the rn belt, particularly Iowa and Missouri. Temperatures should be about seasonal.

When the visible supply of wheat was posted, it showed an increase of over 1/2 million bu. Total stocks now are 199 million bu, which is 44 million bu more an carried a year ago. Chicago stocks, with a slight increase, still hold around 1 1/2 million bu, thus showing that while little wheat is going out apparently it is ing replaced. The corn visible, with a little better marketings last week, increased 0,000 bu. This brings our total up to 5 million bu compared with only 1.2 million last year. Oat stocks increased 3.6 million bu to a total of 24 1/2 million or actically double the stocks of 1948.

There was further liquidation this morning, which carried corn to new lows r this turn, and apparently there is nothing very stimulating for a bull except the ct that prices are so far under the loan level and recent breaks have been drastic that reactions might be in order. Progress of the crop, however, continues good, d according to the Baldwin Elevator Report, we are going to have a problem, parti- larly with cribs in the country already full with last year's crops and a new harvest on adding further supplies. Also, there will be the soybean crop. In wheat, there re fairly good reactions after the early break, and outside of red wheat, which is essing on the market, there seems to be little pressure. In fact, at Minneapolis, September delivery is bringing a good premium over the December. Looks as ough there might be fresh flour business.

Not much attention was paid to moisture although there was some both rthwest and Southwest, which may extend to Missouri and Iowa. It appears as ugh this might continue over partsof the corn belt.

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CHICAGO MERCANTILE EX.

August 16, 1949

With 533 million bu corn impounded either under loans or under purchase greement, there are bound to be some storage complications as time goes on. We ɔ not presume for a minute that all the farmers will demand that the government iove corn out, as there may be some who are perfectly content to have it carried ɔr another year, being compensated therefor. Yet it is just as unthinkable that the ther extreme should be expected; namely, that there will not be a good many farmers who require space; thus there is apt to be considerable confusion during the ext few months. We had a message today from our Lincoln, Illinois office that tated: "The local AAA office has drawn lots of farmers' names to establish order f delivery of loan corn to bin sites to start this week. Looks like if all counties ursue this method it would result in considerable sales of old corn by farmers at ottom of list." So it can be seen that there may be a considerable amount of old orn that may still be offered before next harvest. CCC will soon announce the re-ılts of their invitation on bids for construction of 50 million bu of storage space. hey have received offers up to 20¢ per bu unerected and up to 30¢ per bu for erected torage. Apparently it is their intent to extend the invitation for an additional 30 ays, making it 60 days all told. Apparently this latitude has been given to acquire dditional storage capacity for corn and other grains that will undoubtedly be acquired nder the price-support programs.

There is not much news from Washington today with respect to farm legis-tion. The new compromise bill had apparently been approved by a sub-committee, nd we believe that the affirmative votes were unanimous for acceptance, but word s now come that the Chairman of the Senate Agricultural Committee has not called meeting of the full committee, but it is not known whether this is due to the press other business or whether there was reason to stall action at this time, as there ere some members who had opposed the parity formula, which was to cut loans om those received in recent years. Consideration, however, may be given to the ew bill late this week, although there is some talk that Congress may adjourn for n days, as there seems little likelihood of finishing up general business prior to abor Day.

Some scattered showers were reported overnight both Northwest and South-est. Rains also fell in central and southern sections of Illinois and Indiana, while er northern portions of the corn belt it was mostly fair. However, crop prospects e still very good, and there is some chance that we shall have showers tonight or ednesday in Iowa, as well as further precipitation in some of the southern parts the belt by tonight or Wednesday.

When our market opened thismorning, prices were rather steady although e seems to be affected now by weakness in Canada and the fact that there is so uch of this cereal right in our backyard will probably be a factor that will guide ır markets. Considering that our domestic consumption last year was about 26 illion bu, we just about have that quantity in the carryover reserve of 8.3 million ı, plus new crop of 18 million bu, but on the other hand, nobody can tell at this int how much may be imported from Canada, as they have a fairly large reserve, d also, crop prospects are now better than had been expected, although final yields ay be only about half as great as they were a year ago.

Primary receipts of wheat were just over 4 million bu - not much change om last week, and compared with a little over 3 million bu a year ago. Kansas City d Minneapolis stocks so far this week show a total increase of 104,000 bu.

During the last hour of trade, there was some liquidation and professional lling. Markets were apparently poorly supported and there was not much buying ıtil we ran into a decline of a cent or more. It seems that in spite of the large open terest trading is still thin and it might be just as difficult to accommodate buying ders. For the moment, there does not seem to be too much encouragement for w investment trade. First of all, the milling demand continues rather poor and parently the pick-up which had been expected yesterday failed to materialize. ccording to The Southwestern Miller, sales are only one-third of capacity. The ct that the government is buying so little is also regarded as disappointing and rticularly in this part of the country where red wheat is a drug on the market.

Some of our Illinois offices advise that CCC would not put any corn in bins moisture content exceeded 13 1/2%. Not all the corn is that dry, in fact, some ints advised that little, if any, of their corn would contain a moisture content that w. The September future gained somewhat on the distant months.

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CHICAGO MERCANTILE EX.

August 17, 1949

After our market closed yesterday we had the first official estimate on Canadian wheat. The government at Ottawa furnished a figure of 391 million bu, which is surprisingly large, as it is virtually the same as last year's production of 393 million bu. It must be considered, however, that while moisture conditions in the forepart of the season were very poor, there was some relief later, and furthermore, acreage was increased materially over last year, thus making up the difference. A little more surprise was shown in the rye crop estimate at 9.8 million bu for all of Canada. This had been compared with Searle Grain Company's estimate of 12 million bu for the provinces, and shows a reduction, particularly when we look at last year's yield for that country, which amounted to 26 million bu.

It influenced our market this morning with first prices considerably higher, although markets generally had been erratic and reactionary for the reason that there is little confidence in wheat or corn with the tremendous crops that have been grown, unless government support becomes more effective than it has been up to this time. Last year CCC purchased about 60 million bu red wheat and a good part of it was exported; thus there was not the pressure on Chicago, such as we have seen all during the present season. When we look at Minneapolis and Kansas City, it is quite apparent that only a small segment of the country is influencing prices in our market, and as so often happens red wheat, which is in delicate balance, either is short or grown in surplus, and sometimes has quite an important bearing on futures price levels. With respect to corn, there has never been a total supply at the beginning of any season in excess of 4 billion bu. Whether enough crib space or other storage room could be provided, is still to be seen. Corn, of course, lends itself better to being held in the field than almost any other cereal. Therefore, farmers could help themselves out, but on the other hand, if they want to avail themselves of the loan they have to get their grain into suitable space where adequate facilities for storing are provided. So we are bound to have a good deal of nervousness until some of these factors are settled.

Late yesterday the House Agricultural Committee opened the question of possible legislation to place new restrictions on commodity trading. Apparently a Committee will be appointed to make a survey and study of the major commodity markets. As we see it the markets are doing a perfectly wonderful job in the face of all handicaps. There is a good-sized but orderly interest in wheat and in corn, and for that matter in other cereals, but with the daily excitement that comes out of Washington, there is bound to be nervousness as most of the news is more or less of an unnatural nature, while the laws of supply and demand are no longer the sole governing issue. The unwieldy surplus in corn is still like the sword of Damocles hanging over the market, and while there is no danger that these impounded supplies will be returned to the market place immediately, nevertheless there is always the knowledge that corn is on hand and may some day become available. Meanwhile, it is consuming valuable space which should be used for other purposes, particularly with another record corn crop soon to be harvested.

There was not much moisture overnight in the corn belt and little is looked for but yet no apprehension is felt with respect to the growing crop.

Primary receipts of wheat were lighter and amounted to 1,133,000 bu compared with 1,311,000 bu last week and 1,664,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 241,000 bu.

Markets were rather weak during the early part of the session but later rallied when pressure subsided and some of the locals who have been selling for the past few days may have covered, although there was no spirited buying.

Broomhall reports European weather is wet in the west and north but dry and hot in the south. It seems harvesting has been delayed in some sections. Here at home milling demand is rather slow, but an eastern chain baker, according to the Southwestern Miller, was again inquiring for flour although the authority stated that actual business is doubtful at present price levels. Bookings generally are hardly one-third of capacity and milling operations are not picking up. Under these circumstances, the market is still having some difficulty in maintaining bulges. Corn was influenced by a report from Iowa which was not quite as optimistic as had been expected. It was claimed that some damage to corn was on thin, sandy soils or eroded slopes. September corn showed relative strength and offerings from the country are not burdensome although apparently enough is coming forward to take care of commercial requirements.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 18, 1949

News from Washington indicated that CCC has contracted for the purchase of nearly 14,000 bin-type and comparable grain storage structures, with a total capacity of 112.8 million bu, and apparently has in mind trying to buy additional capacity running as high as 500 million bu if procurable at the right price and within the time limitations now extended to sixty days. We note that the contract for 2,300 of these structures was awarded to the Great Lakes Steel Corporation at Detroit, having a capacity of nearly 75 million bu. The second largest participant was the Butler Manufacturing Company at Kansas City for 11.7 million bu, but the balance of the contracts were rather small, some of them ranging as low as 115,000 bu. We are wondering whether the government will be able to get these bins in time to take care of the old corn of which farmers want to dispose, in order to get their crib space back for next year's crop. Undoubtedly the government is willing to take structures made of steel, wood, or aluminum, and the present program is tenfold the size of the first discussions, when it looked as though only 50 million bu space might be erected, mostly in the corn belt. Thus it is possible that almost all of the impounded corn may be taken care of.

There was another item overnight which gave encouragement to holders and induced some new buying. Word came from the Capitol that neither the Aiken nor the Anderson legislation was being favored now and that very likely there might be a continuation of the 90% loans figured on previous parity computations. It was stated that some of the Senators who were up for re-election might not want to face their constituents if prospects for next year's loan were lower. That gave us a little stimulus, although not too much buying, as any reversal in favor of the Aiken Bill already on the statute books might cause a change in sentiment.

It may become permissive to put in a larger acreage of wheat than had first been talked of under the allotment, and so we may have 71 million acres sown for the 1950 crop, but still quite a large decline from previous years. The President has not yet signed this bill, but chances are that he will do so, and there seems to be a rather complicated formula which is to be followed.

Meantime, our wheat and flour exports are running a little heavier, and for the past week, according to Broomhall, they amounted to 7.7 million bu, which brings the total to 34 1/2 million bu since the 1st of July. It is still far from meeting the export goal, and since there has been no aggressive buying by the government we continue to question whether shipments will exceed 350 million bu for the twelve-month period, which would be about 100 million less than had originally been asked for.

Flour bookings are still disappointing, and only an occasional good-sized lot is being reported, all of which is discouraging to our market. However, the tendency toward carrying charges is brought about more by the pressure on red wheat and the lack of government support, which, of course, places Chicago in a different position from the outside markets, and we have been losing ground on both Minneapolis and Kansas City because of this condition. Thus May wheat has gained very appreciably on September during the past week, and December and May wheat are selling closer together than in most recent years, probably indicating that red wheat may still be a drug on the market unless something is done to relieve this pessimism.

Primary receipts of wheat were a little better and amounted to over 3 million bu today compared with about 2 1/2 million bu last week and 2.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 328,000 bu.

Trade was quite active today and the news from Washington was apparently enough of a stimulant to bring a little investment buying into the market and possibly some short covering. News from the corn area is not quite as optimistic as previously although no general complaints are being circulated. However, September corn was very strong and apparently had a little stimulating effect on the new crop months. Rye was helped early by a higher market at Winnipeg and, in our opinion, it is only the possibility of big imports that might cause setbacks here from time to time. The close, however, was weak. Beans had a good undertone and it is a wonderful feat that we are able to take care of large crops through consumptive channels without the necessity for heavy exports.

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CHICAGO MERCANTILE EX.

August 19, 1949

The Canadian wheat crop is now estimated at 391.5 million bu and the carryover is officially given at 98.7 million bu, so that the country started with a total supply of 490 million bu. Home consumption should certainly not exceed 150 million bu, which would then leave 340 million bu for export and next year's reserve. Chances are that 140 million bu will be shipped to England under the bilateral agreement, although according to the Journal of Commerce this morning, ECA, which has been financing British purchases of Canadian wheat under their agreement, and up to now no action has been taken, with the result that the Canadians are nervous. The Agreement in dollars amounted to about one-fifth of all Canadian sales for export; so if these dollars are not forthcoming from ECA, and if Britain does not have the money to pay for Canadian wheat with her own free dollars, it is believed that there might be some restrictions on Canadian imports of American goods, which in turn would affect our fruits, vegetables, textiles, and other items. Even in the event that maximum wheat and flour shipments would be made to Britain in conformity with the contract, it would still leave 200 million bu for export to other countries and for reserve. Thus there is quite a little wheat that will have to be shipped to ex-British countries in order to reduce the carryover much from the large one presently established.

Here at home our situation is much the same. Even with the heavy cut in production owing to drought, we started with a total winter and spring wheat crop of 1,132 million bu. Adding to this the carryover of 293 million bu, it is evident that we had a total supply at the start of theseason of 1,425 million bu. Probably home usage, according to the government estimate, may not exceed 685 million bu; therefore, we would have 740 million bu for export and next carryover. It hardly seems reasonable now that our shipments of wheat and flour will exceed 350 million bu; so we may have a reserve on July 1, 1950, of about 390 million bu, or an increase of nearly 100 million bu over the present reserve. For this reason we can readily understand why the Secretary of Agriculture has sought acreage allotments, and nobody can tell yet how much may be raised on 71 million acres next summer. Of course, much will depend on weather conditions, and also, it remains to be seen whether farmers will voluntarily make the cut that has been asked, although unless they comply with the Secretary's request, they will lose certain liberties and cannot obtain a loan.

When our market opened this morning, it was influenced by showers that occurred overnight over portions of Iowa, Missouri, eastern Kansas, and western Illinois, also partsof Nebraska. The heaviest rains occurred in eastern Kansas and Nebraska. The forecast suggests more precipitation, and in fact, the five-day forecast is rather encouraging for the corn belt, where in some portions dry conditions had set in. Thus there was a little hesitancy in the market, and particularly since nobody knows for sure whether the Aiken Bill will be left standing on the statute books or whether the 90% of parity based on the former computation will be continued for another year. The red wheat situation is not yet corrected, and wheat East of Chicago is still much cheaper than if taken from our market.

Primary receipts of wheat werea little lighter and amounted to less than 2 1/2 million bu compared with a slightly larger quantity last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a total increase of 326,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last year of 4 1/2 million bu.

Markets did not show near the strength that they did yesterday and apparently it will take some improvement in general demand before we can have sustained strength. The milling demand remains rather poor. Buying is from hand-to-mouth and there is no indication that this will improve much unless we get a pretty good-sized break. Even shipping instructions remain light. However, this should not be too much of a factor in the long run as our total consumption for the year is about constant and we can figure on 485 million bu wheat being needed for food. Beans showed a good undertone and whenever any of the other cereals rallied even moderately there was some buying. Corn was influenced by the prospects of further rains on top of those already had, and even September corn was less stout after several days of short covering.

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CHICAGO, 4

August 22, 1949

There was very little to guide our markets when they opened this morning. Sentiment was fairly friendly on the theory that wheat prices had been rather firm for the last tên days, both Northwest and Southwest, and it was only a small segment of the country: namely, soft winter wheat states, that was causing some of the depression that is now with us. However, slightly better bids in the East are encouraging to the extent that there may be some exports of red wheat to take care of the large surplus that has been grown this summer.

The over-all wheat crop now estimated at 1,132 million bu is the sixth consecutive billion-bushel crop raised. Only once before, that is, in 1915, could we make a similar boast. The current estimate is less than the harvests of the past three years but except for those years has not ever been exceeded. Wheat acreage for harvest is the largest on record, but yields, though larger than average, are the smallest raised since 1939. The United States rye crop is one of the smallest recorded. The rye acreage in Canada this year was cut to a little more than half the 1948 area, and with sharply reduced yields the crop is estimated at 10 million bu compared with 25 million in 1948. However, this alone does not constitute the whole picture. Rye, which is grown principally in Europe and the Soviet Union, has been sharply below the prewar average in Europe since 1939, both in area and production. Some recovery was made in 1948 but the level is still well below prewar. However, in the Soviet Union in contrast rye acreage is believed to have increased considerably and will be well above prewar average. The Soviet Union's wheat crop is estimated to be larger than last year but a small decrease is indicated for the Balkan countries as a whole, principally because of less favorable conditions in Rumania.

The United States government, despite the International Wheat Agreement is not finding it too easy to ship wheat abroad even though the price through subsidy is materially less than before August 1st. It seems under the circumstances that clearances for the season may run somewhere between 300 to 350 million bu, and thus we may add to our carryover reserve next July, although this may be offset by a reduction in acreage and possibly a lower yield next summer.

For the time being July wheat is offered at a substantial discount under May. Many people expect a repetition of what occurred a few months ago. However, it will depend to some extent on the type of farm legislation that is finally enacted, and also the extent to which farmers agree to cut acreage voluntarily. ECA is now considering financing British purchases of Canadian wheat under terms of the wheat contract between those two countries. Apparently the British dollar exchange is still acute, and Britain does not have the free dollars to pay for this wheat, but it remains to be seen to what extent we finally lend aid. It involves more than simply a loan, because in turn it might interrupt Canadian purchases from the U. S. for fruits, vegetables, etc.

When the visible supply of wheat was posted today there was an increase of only 414,000 bu; this bringstotal stocks in all positions to 199 1/2 million bu, or about 40 million bu more than last year. At Chicago there was a decrease of 317,000 bu, but we still have 19 million bu of wheat in this market. The corn visible increased 650,000 bu, to a total of 5.7 million bu compared with only 1.1 million bu last year.

Trade was not particularly heavy, and while firm markets prevailed early in the session, there seemed to be some profit-taking, and liquidation from time to time, particularly when Kansas City futures became weak and started to widen their discount under Chicago. Up to now they had been extremely strong, but a good many people are questioning whether this is a normal situation, even granting that for the time being red wheat will be a drug on the market here in Chicago. Believe there was some spreading which may have caused this widening.

Corn, oats, and rye all sympathised to some extent. Beans at times were strong, but one of the advisory agencies in the East recommended taking profits, and the reaction was not surprising in view of the recent advances which we have had.

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August 23, 1949

With the surpluses that have been and are being built up, we believe that those in charge of agricultural affairs are gradually becoming more conscious of the problems that lie ahead. We note one outstanding difference in the purchase agreement for next year's corn support program, and that is, that producers who intend to turn over their crop to the government must notify their County Conservation Committee thirty days ahead of time. Apparently this is intended to provide accommodation for mounting supplies, and, of course, CCC is extremely busy now trying to get enough space to take care of 500 million bu corn which was impounded under last year's loan. The cumulative awards now cover over 39,000 bin-type structures having a total capacity of nearly 191 million bu. This is an increase of 76 million bu space since August 17th, when a report was given that total capacity had been provided for the handling of 112.8 million bu. The fact that the export program generally, except for those articles given away, has declined, naturally brings up the question as to how we can best take care of these surpluses at home, thus preventing rotting or deterioration. In this connection the government has decided to make loans for corn not necessarily stored on farms in order to prevent insect damage. The Department of Agriculture is warning farmers to expect a cutback, possibly a painful one, in exports of agricultural commodities. They point out that unless the current shortage of dollars abroad improves in the next few years, there will be a substantial drop in farm exports.

We note that CCC wheat purchases a year ago were more than 74 million bu, together with 9 million bu flour in wheat equivalent. This year the cumulative wheat purchases have been only 11 million bu, with a negligible amount of flour bought: namely, 317,000 bu. Furthermore, the June purchases last year were heavy in anticipation of getting the wheat to the Seaboard to make room for the next crop. In reviewing the weekly statements, we find that in four weeks of June 1948 there was about 40 million bu bought through CCC Regional Offices.

When our market opened this morning, prices were barely steady, and there seems to be no general confidence. First of all, having raised one of the really large crops in history, and assuming that our domestic consumption will be less than 700 million bu, it is quite obvious that we have to export quite heavily in order to prevent further accumulations at home. Even if shipments relieve the situation to some extent, it is going to take time before this is felt, although artificial influence are at work, and there must be a great deal of wheat which either has gone into the loan or which is being prepared, so that unless prices advance rather sharply later on the situation is bound to change, although this also requires some patience. For the time being red wheat is a drug on the market. Some of our friends in the East believe that the government could induce foreign takers to use more red wheat, and certainly after last year's experience where about 60 million bu was exported, we begin to wonder why there has not been more of a move in that direction. However, we have stated earlier that the whole flow of wheat for export has been so small that possibly it was found impractical to force a larger percentage of red wheat into export channels. The price, however, should prove attractive, and the fact that it could be shipped easily via the Atlantic is all in its favor, as against a program of diverting too much hard wheat from milling channels to the gulf, as was the case last year.

Primary receipts of wheat were larger, and amounted to 4,466,000 bu compared with a little over 4 million bu last week, and 2.3 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 45,000 bu.

Trade was rather dull, but after mid-session we understood that CCC had raised their price at Philadelphia for red wheat making it 4 1/2¢ over Chicago September, FOB steamer. This brought some short covering and new buying into the market. However, best prices were not quite maintained, and the milling demand is still very poor with apparently no pick-up. Meanwhile, the anticipated PMA buying has failed to materialize, all of which is being felt in the market, as we definitely need some stimulus.

Corn prices advanced at times, but reports from the growing areas are still highly satisfactory, and it is a question of where all the corn will be housed after the next harvest. As we have mentioned, the government is doing everything possible to provide facilities for getting the old corn out of farmers' cribs.

Beans showed a fairly good undertone, and the moment there was any encouragement from other pits, there seemed to be buying of this commodity.

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CHICAGO, 4

August 24, 1949

It is becoming more obvious that accumulations which are taking place are causing additional concern on part of those in charge of agricultural affairs. The whole question would have come to a head much sooner except for the war. In 1942, the wheat carryover was 632 million bu, the following year 622 million, and we are convinced that the so-called non-recourse loans were largely responsible for this state of affairs, and under the conditions of the law, any farmer who made such a loan benefitted had the price increased but simply defaulted when it was more advantageous to do so. Thus the grain that was acquired by the government acted as a price-depressing factor, and it was only the end of the war which relieved the situation temporarily by permitting us to ship tremendous quantities abroad to help rebuild European stocks which had been depleted during the conflict. However, we shall not be able to continue clearing 500 million bu wheat and flour indefinitely. This is about five times average shipments before the war, and is as much wheat as is used at home by every man, woman, and child. Chances are that our reserve stock one year hence will be larger than it is now; but in corn the situation is even more strained, as the Secretary of Agriculture fully realizes.

When he spoke at Bloomington, Illinois, yesterday, he warned corn growers that rigid marketing quotas may be necessary for next year's crop. It was the first time that he officially brought up the issue of production control with respect to next summer's plantings. It was pointed out that never before had there been marketing quotas for this cereal although there had been acreage allotments. He stated that superabundance is giving government officials a lot to worry about, and that it was a potential headache, and further reminded this rural group that corn under loan and purchase agreements was heavier than ever before. This meant that much of the corn crop now in cribs had to be moved out in order to take care of the next harvest. Such an abundance, he cautioned might lead to government control on future corn crops. Naturally, we cannot build enough bin storage each year to take care of an additional 500 million bu. Should we do that it would mean that farms will finally be used for the storage of grain rather than for the raising of crops.

Broomhall gave us the weekly shipments of wheat and flour at slightly over 6 million bu, which means that approximately 40 1/2 million bu has been shipped since the beginning of the season. This is less than 10% of the original goal. Ordinarily when we do a normal export business, 70% of the shipments are made during the first six months of the crop season. Weather in Europe is mostly favorable for harvesting operations, although there are some sections which are in need of moisture for plowing, and it seems to be very dry in France. The latest estimate for that country bases the wheat crop at 260 million bu, a reduction of 13 million bu from last year and compares with the failure crop of 117 million bu two years ago. Rye production is slightly more than in 1948. Despite reasonably good crop conditions in Italy and Germany, rather heavy imports will be necessary for those countries. Chances are that bizone Germany will have to get 137 million bu wheat and rye from the outside, and farmers will have to distribute another 105 million bu to make up a total of 242 million bu, which Broomhall estimates as their requirements. Military authorities are authorized to distribute another 18 million bu for feeding before the end of this calendar year. At present grain trading in Italy is very quiet, although receipts are substantial following the harvest. During the 1949-50 season, Italy is expected to import about 41 million bu wheat from the United States under the Marshall Plan, and an additional 15 million bu from the Argentine. Besides this, Russia may contribute 18.5 million bu and other exporting nations 13 million bu, to make up a total of 87.5 million bu.

Primary receipts of wheat today were light, and amounted to only 1,174,000 bu, which was practically the same as last week, and compared with 1,684,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 192,000 bu.

Trade was rather slow today. There was no spirited buying, flour business continues extremely light, and as a result there are hardly any hedges being taken out of the pit. While there has been some improvement in the government demand for red wheat, it is still not sufficient to be much of a help, and we would rather imagine that in spite of some hedges that have been changed over from September to December, there would be fair deliveries on September contract. Spot premiums for corn were about 6 1/4¢ over September, which gave relative strength to the near-by future. The crop is maturing rapidly, and a fairly large percentage may be out of danger from frost by the middle of next month.

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CHICAGO, 4

August 25, 1949

There was really nothing in the overnight news. Weather is mostly fair with seasonal temperatures, but apparently reports from the Southwest indicate that subsoil moisture conditions are satisfactory, although we believe from what we have heard that there are going to be some reductions in accordance with wheat acreage allotments announced recently by Secretary Brannan. There has been no real pressure on markets for some time, probably for the reason that such large quantities either have been impounded or may still go into the loan before the end of January. However, red wheat continues to be somewhat of a drug on the market, although there has been a slight improvement in demand with the government basis raised a little during the last week or ten days. Apparently they are willing to surrender some of their protein wheat to mills in the Southwest if those firms will agree to exchange red wheat at the seaboard, which, of course, necessitates a new purchase for them in order to carry out the swap. Under these conditions many of the mills unused to buying red wheat at Baltimore or Philadelphia, probably are willing to pay a little higher than the market, or at least higher than the government bid price in order to carry on their business. While it further complicates some of the operations, it has in the meantime lent a little better tone to red wheat, although Chicago supplies are still far from a shipping basis, as so much of the wheat East of here is far cheaper. It is not very often that we find both Minneapolis and Kansas City futures selling at premiums over Chicago, and in fact, the Northwest market recently sold nearly 15¢ a bu over us, whereas the loan, while not figured at a full shipping difference under Chicago, at least makes allowance for the fact that the grain from outside points often has to come here. Thus it will be a relief when this red wheat comes into more proper relationship, which, of course, could happen if fair amounts were exported. As we have pointed out the balance is often very delicate, and we can remember many occasions when those who purchased pastry flour were willing to pay a premium so that red wheat commanded a price of 20 to 25¢ over the future, although, of course, in those years production in the Central States was very much smaller than at present.

We shipped 6 million bu wheat from this country during the week; 1.3 million was cleared via gulf ports and 2.1 million bu via the Atlantic, indicating some recognition of this year's distribution. The balance was from the Pacific Northwest and flour from all areas. The previous week nearly 4 million bu went via the Atlantic, but, of course, some of this may have been hard wheat.

Broomhall has compiled estimates of wheat production for twelve European countries. The forecast is 926 million bu compared with 933 million last year and only 629 million two years ago. He feels, however, that high quality of the present crop and a larger carryover should offset the slightly smaller production. We have now come to the point at which foreign wheat and flour imports are little stressed, and the need seems to be more for meats, fats, and non-essential foods, particularly in those countries where there is a determination to gradually produce their own cereals. Those countries whose wheat production equals or exceeds last year's include Italy, Portugal, Holland, Belgium, Denmark, Norway, and Switzerland. Elsewhere small reductions are shown chiefly for Britain and Germany, but on the whole variations with 1948 are not great.

Official soybean stocks in all positions on July 1st amounted to 40 million bu compared with 32 million last year and 40 million two years ago. Exports made a record at 18 million compared with less than 3 million for the entire season last year, while total disappearance for nine months was 183 million bu compared with 157 million last year and 166 million bu two years ago.

Primary receipts of wheat amounted to 2,791,000 bu compared with about 3 million bu last week, and 2.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 305,000 bu.

Trade was moderate, but there seemed to be a little absorption on breaks, which at one time gave us a fair rally, but the trade apparently is not willing to get far from shore at this time. There was enough selling so that net changes for the day were unimportant. Milling demand seems to be slightly improved. Time, of course, is in favor of more business being put through, but the enthusiasm to buy is lacking, and we recall that when the last large flour business was consummated bakers took advantage of a sharp break in prices. There seems to be a friendly sentiment in corn, even though crop prospects are good, and cash premiums for old corn are being maintained; of course, present price is so far under the loan that inducements for speculative selling are not too great.

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CHICAGO, 4

August 26, 1949

There is a sort of stalemate in the wheat market at the present time, and daily fluctuations are rather unimportant. Pressure generally has subsided, and we have already absorbed the movement of winter wheat without any great burden to the market. Later on, and almost simultaneously, came the movement of wheat in the soft winter wheat states, and lastly, the spring wheat movement, although even with the fourth largest total crop in history, hedging pressure was retarded probably for the reason that a pretty good percentage of the grain was withheld from usual marketing channels. As a result much of it should finally find its way into the loan.

The public is impressed with the fact that government spending generally is on the upgrade, and will probably reach a record peacetime level during the first half of 1950. Total annual spending by federal, state, and local governments probably will run as high as $74 billion, with somewhat less than half during the year going directly to business for supplies and equipment. Under those conditions there is bound to be some stimulation if not actual inflation. Thus it is safe to assume that no immediate business recession is to be expected. Nevertheless a good many farmers are prepared for somewhat lower prices, and certainly a dollar a bushel for corn is considered by many to be sufficient support, although others are still insisting on continuation of the 90% of parity loans. There seems to be the same division of minds as to whether we should have flexible supports or fixed supports. It is not surprising, therefore, that our Congress is unable to reach an agreement with respect to the farm program, and no doubt it will become a campaign issue during 1950. In the meantime, there is a fair chance that the present program may be continued for another year, thus taking off the statute books the Aiken Plan, which would otherwise become effective. As matters now stand the House is ready to take a recess and will probably not return to Washington until about September 21st. Had the Congress announced that it would end its work by Labor Day, as at first planned, there probably would have been a jam of blocked legislation on which hurried action would have become necessary. As it is the administration is quite content to keep Congress in session almost continuously throughout the autumn in an effort to finish certain matters which have not yet been resolved. Consequently it is difficult to say when final adjournment will come.

We understand Senator Thomas will introduce a bill forbidding the government to purchase potatoes and eggs if solely to support the market. It is pointed out that large amounts of money were lost in these transactions, and the program had hurt other agricultural ventures. Up to now there has been no method agreed upon for the losses that are going to be sustained in carrying out the International Wheat Agreement. It still must be decided whether these subsidies will be paid out of funds from CCC appropriations or made by ECA. As a matter of fact other appropriation measures have not been voted, and agencies of the government which should have had their money on July 1st are still carrying on without funds actually having been apportioned.

Outside of moisture in northwest Kansas, there was not much in the overnight news. Nor is this much of a factor at the present time, although satisfactory progress is being made for both corn and bean crops, and even the latter is said to be about two weeks early, so that some new beans may be ready for market by middle of next month.

Primary receipts of wheat were 2,628,000 bu, a little more than last week and about the same as last year. Kansas City and Minneapolis stocks so far this week show a total increase of 330,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last year of 4.6 million bu.

Markets were never very strong but a little firm early and later lost ground when soybeans became weak with stop-loss selling reported and lower cash markets. Milling demand is still very slow and while a little business is passing prices are not attractive. We believe that there are some bids as high as 7 1/2 over for red wheat, fob, Philadelphia. This, however, is by private firms, but so far as we know, CCC is not paying more than 5 1/2 over. Therefore, it may represent swaps by mills against protein wheat that they need in the Southwest. Corn held relatively firm but best prices were not maintained. Broomhall tells us that the U. S. corn is still the cheapest of any offered by exporting nations, but that the demand is only for an occasional lot from European countries. Receipts continue light and there is no pressure although crop prospects continue good.

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CHICAGO, 4

August 29, 1949

It is indicated from Washington that President Truman has invited a rather large group to the White House to partake in farm legislation discussions next Wednesday. Along with others, Secretary Brannan, Senators Anderson and Lucas, and Representative Cooley, will be present probably with Senator Thomas, who is Chairman of the Senate Agricultural Committee. The latter hopes that the Chief Executive will state exactly what he wishes for next year's program, and that he as a Senator would support it because it would be foolish to do otherwise, since there is the possibility that legislation adverse to the thoughts of the administration would only be vetoed. In view of the fact that the House has recessed and will not convene until late in September it looks as though there would be a further delay before we shall find out definitely whether any change is to be expected. Otherwise the Aiken Bill, already on the statute books, would become the law of the land in January 1950. One of the disappointing factors at the moment is the small export business particularly as CCC had looked forward to shipping almost as much wheat and flour during the current season as they did last year. They had frequently mentioned a figure of 450 million bu, but last week under the International Wheat Agreement not a bushel of wheat was sold abroad. Thus it is becoming evident that the great hope held forth that the International Agreement would be such a great help is not working out as the proponents had planned. There are, of course, several European countries which will have to import rather large quantities. For example, Broomhall reports that the Spanish wheat crop is so small this year that they may have to step up their import program considerably. Some authorities believe that they may require 60 million bu if the people over there are to be cared for properly. Recently five cargoes of U. S. soft winter wheat were purchased, but, of course, this is hardly a drop in the bucket. They are, as in the past, doing business with Argentina, not only in wheat, but in rye, and sometime ago 2 million bu rye was either sold or bartered to Spain, together with 3,600,000 bu wheat, although we understand very little of this quantity has yet been shipped.

As far as the exporting countries are concerned, on July 1st there was 638 million bu available compared with 659 million bu the 1944-48 average. However, it includes 1944, which was a year when supplies were very heavy: namely, 1,166 million bu, and the following year, 1945, there was 818 million bu, both of these years being well above average. Thus there should be no difficulty for any European country to get what it needs. It probably is the reason expressed by official Washington that gradually we are going to have difficulty in keeping up the heavy shipments of the past few years. This is the reason for acreage allotments, in the hope of getting our supplies more nearly in line with domestic consumption, thereby reducing any excessive reserve stocks that might be unwanted. Late last week we were told that 63 million bu wheat had been impounded under the loan by end of July. This compares with 98 million bu last year by end of August. We can only surmise that the program is going ahead at a rapid gait although a good part of the wheat impounded was in Texas, Kansas and Oklahoma, with the amounts rather small in the soft winter wheat states. For example, Ohio, which was the largest of any of the eastern states, had only one million bu under the loan; Illinois was not listed at all, while Indiana had only 161,000 bu, with Michigan slightly higher.

When the visible supply of wheat was posted today, there was a pretty large increase amounting to 4,261,000 bu; this increased the total stock to 203.6 million bu, or about 40 million bu more than was on hand a year ago. In corn, there was hardly any change; the total of 5.7 million bu compares with a little over a million bu we had last year. Oats increased 1.4 million bu, the total now is 28 million bu, or about 11 million bu larger than a year ago. Chicago wheat stocks showed a slight decrease, but there is still 19 million bu held here. Corn stocks locally increased 204,000 bu, with slightly over 1 million bu here. Oats decreased slightly, leaving local stocks about 3 3/4 million bu.

Trade was not particularly heavy, but it was expected there may be some PMA flour business by tomorrow. Meanwhile the domestic and export volume is very slow. At one time beans had a rather sharp decline, which in turn influenced to some extent the activities in other pits. However, there was quite a little local buying of beans on the break.

Strength in corn was due to stiff premiums being paid for cash, and a price of 8 3/4¢ over the Chicago September was probably the cause for the firmness in the September.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 30, 1949

There was not much in the overnight weather news, and in fact, about the only development was some figures officially stated by the government with respect to export shipments for the month of July, this being the first period of the new crop. They claim that wheat shipments had amounted to 25.6 million bu, and flour and macaroni figured in wheat equivalent had amounted to about 5 million bu; so the total was 30.6 million bu compared with 49.3 million bu last year. This is, of course, a fairly good reduction, but yet the amounts cleared were somewhat larger than figures recently given by Broomhall. As he himself has stated to us, there are instances where reports from some ports are subject to delays so that he is compelled to make adjustments later on. Similarly flour data has to be adjusted and he is unable to get complete weekly reports; therefore, has to await official figures. Another item which he does not include in his figures is macaroni, but in any case if we go on the assumption now that total shipments will average about 30 million bu per month, the total for the season would be somewhat over 350 million bu, or possibly 100 million bu less than early expectations.

News also came from Washington that the President had signed legislation which would add an estimated 2 million acres to the 1950 wheat crop. This had been expected, but in effect it provides that farmers who seeded only half their wheat land this year and allowed the balance to lay fallow would not be cut more than about 7% from 1949 plantings. Still if general compliance is made, chances are that next summer's wheat crop will be considerably smaller than those of the past few seasons. We have had a gradually increased acreage until a record was made in the 1948-49 crop-season, and for six successive years we have had billion-bushel crops in this country, which likewise are the exception rather than the rule. Before the war average wheat production in this country was only about 740 million bu. Our domestic disappearance at the present time is nearly that great, and we shall probably utilize 685 million bu wheat and flour without taking into account quantities shipped abroad. Furthermore, we must be prepared to see 400 million bu or so impounded under the loan, and it is not unlikely that this high figure will be reached judging from the action of farmers during the first month of the crop-season. Thus it is still our view that artificial levels will be seen later on, but with the enormous crop that has been raised it takes time before we make inroads into accumulations, even though a large percentage of the reserve stock on July 1st was already in government hands. It seems that of our export shipments at the present time about 60% is destined to the occupied areas of Germany and Japan. So while the demand from Europe generally is not too heavy, there is always the opportunity of sending some of our surplus into those areas under our control, so that in any case total annual shipments will be several times those of prewar days.

There is, of course, Southern Hemisphere competition that will come into play after the next crops are harvested. Australia has shipped a total of 80 million bu since the first of January compared with 97 million bu a year ago. This still leaves 65 million for export and carryover as compared with practically the same quantity a year earlier. Argentina is working on a small crop and pressure from that source is not heavy. The government is paying its farmers $1.17 for corn delivered at ports, and some export sales had been previously made at about $1.66 FOB, Buenos Aires, but Broomhall believes that it will be necessary to reduce these prices considerably during the winter months to compete with U. S. corn, which has been selling for about $1.20 per bu, FOB steamer, at the gulf.

Primary receipts of wheat were heavier and amounted to 3 3/4 million bu compared with 4.4 million bu last week and 3 1/2 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 85,000 bu.

Markets were firm early and no doubt were influenced by PMA flour business, which might have taken 1 to 1 1/2 million bu hedges out of the various markets. However, there was selling later by brokers who often act for Northwest account. Furthermore, soybeans were under pressure and there was further stop-loss selling. Even corn, which had been so strong lately, was subjected to selling, as far as new crop futures were concerned. For the moment there does not seem to be very much confidence. We hear from the country that while the bean crop looks good, the acreage may be smaller than the government is estimating, and that, therefore, total yields may be disappointing when the final count is made. Rye was weak with hardly any new support.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 31, 1949

There was not a great deal of grain news overnight, although after the close of the market yesterday new parity figures were published. We believe these are the ones on which the soybean loan will be based, which suggests a probable price of $2.36 Chicago. While this is some reduction from last year, it indicates that unless the price level is fairly high, there might be quite a few beans impounded, and we must not forget that our domestic consumption runs about 15 million bu a month, plus the fact that we might also export some as was the case this season when 18 million bu was shipped abroad by end of June.

Parity ratio at the present time is the lowest since 1941. Lower living costs reduced the index by about one point, and retail prices paid by farmers for clothing, food, furniture, and building materials were down from July, while prices of farm production goods averaged the same on August 15th as they did a month earlier. Parity for wheat is now $2.15 a bu compared with 88 1/2¢, the average base period price, August 1909 to July 1914. Parity for corn also dropped 1¢ a bu to $1.56 vs. 64¢ in the base period.

However, this did not have much influence on the market, although we believe some early selling may have resulted from nice moisture reports from the western part of Kansas, also precipitation in Oklahoma, Texas, Nebraska, and Colorado, all of which is beneficial for the seedbed in that area, which is so often dry at this time of year.

While there was only a smattering of knowledge early as to tenders that might be made on September contracts, it was pretty generally known that there was going to be some wheat delivered, and this widened the carrying charge from September to December, and very likely longs changed their position rather than to stand on delivery. Soft wheat is not particularly wanted by buyers, nor is it likely that much will be shipped from this market, as soft wheat is still much cheaper East of here, and we hardly know where shipments out of Chicago could be made to advantage. In contrast to this, high premiums are prevailing in corn, and this should prevent any early deliveries in that cereal. Today No. 2 yellow corn sold at $1.33 1/2, which at the time was 8 1/2¢ over Chicago September.

The Iowa state report dealing with corn was quite optimistic. Some people believe that the next government report will show a reduction for that state; nevertheless, we were told today that the stage of development was a full week ahead of last year and two weeks ahead of the late crop of 1947. Practically all the acreage now has dried out to a point at which there would be no damage from a light frost, and in fact, most of the corn could even stand a hard freeze. By the same token the crop is now past the point at which moisture would be of much benefit. Therefore, continued dry weather is desirable in order to permit harvesting at an early [illegible], whereas a wet fall would mean a heavy harvesting loss since many stalks and earshanks had been weakened by borer damage. The report goes on to say that storage quality should be good due to early maturity.

Primary receipts of wheat today were smaller, and amounted to only 1,101,000 bu compared with 1,174,000 bu last week, and 1,779,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 79,000 bu.

The main feature today was the strength in outside markets; both Kansas City and Minneapolis continued upward, and the September deliveries are at a big premium over deferred futures. At one time there was a 6¢ premium at Minneapolis, indicating that cash wheat up there is strongly held. Here, of course, the red wheat is still a factor, and apparently it has not yet gone into hands that are willing to carry it permanently. Nevertheless, a good many hedgers seem willing to change over, although some may be waiting in the hopes of getting a wider carrying charge, or else delivering more.

One of the forecasting agencies came out recommending the purchase of May rye and beans, and this gave us a strong rally after early weakness. On the whole, markets showed a very good undertone, and even new-crop futures of corn showed some rallying power after an initial decline.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 1, 1949

The President had called in various Democratic farm leaders yesterday to discuss a possible program for next year. It seems that almost immediately after adjournment the Senate Agricultural Committee adopted a flexible farm price support bill, which had been developed by Senator Anderson. The approval was unanimous, and the Committee then sent the measure to the Senate less than two hours after they had come from the White House. The Bill would keep government support props on corn, wheat, and cotton, for 1950 at near existing levels. However, the Anderson Bill, despite the fact that labor costs are included, uses a formula whereby prices would probably be about 10¢ a bu lower for wheat than under the old parity level. Thus chances are that next year's loans will be lower even though parity may not decline. On the other hand, if living costs generally continue their downward trend, there might be some further readjustment, but it is difficult to say much about that at this time. It seems that Senator Anderson, formerly Secretary of Agriculture, developed a compromise with the aid of both democrats and Republicans.

The trade construed this news in a somewhat bullish vein, figuring that if prices are going to be lower next year, probably every possible bushel would be impounded under the loan now available to farmers, and we believe that there will be as much as 400 million bu taken out of commercial supplies, which finally, of course, is bound to make itself felt. The fact that there has not been a bigger movement either Northwest or Southwest is already being reflected in Kansas City and Minneapolis. While the red wheat has definitely depressed Chicago futures to some extent, wheat put out on delivery yesterday was apparently better taken than had been expected, and one of the larger mills must have taken over half a million bu, with the result that after the first few minutes of trade, Chicago September wheat was in much better demand, and it narrowed up very materially on the later months. We also understood that a Southwest mill paid equal to 9 1/2¢ over Chicago September FOB Philadelphia for red wheat late yesterday. This, too, gave a little more inspiration to the market, and while it may have only represented additional swapping by those who wanted protein wheat owned by CCC, nevertheless, it indicated a better demand for red wheat. To that extent it is possible that the readjustment between Chicago and other markets is well under way. The cheapness of Chicago futures and wheat grown in this area and East is expanding its use into areas that ordinarily do not use our soft varieties. We reported recently that some soft wheat had gone from Ohio to Duluth, and in addition sales are being made into southwestern territory, plus the fact that practically all the government purchases have been through their Chicago Office since the start of the crop-season, and undoubtedly this comprises mostly red winter wheat. It is fortunate for the market that it is working out that way, as there has been considerable pressure from farmers who sold their grain and apparently loans had been taken only on a small percentage of the wheat, possibly for the reason that there are so many small farms in this area. While the total red wheat is an important factor individually, many of these producers pay more attention to other grains. Right after our market opened, there was buying by a mill, suggesting flour business overnight, and some hedges were taken out of the pit.

Primary receipts of wheat today amounted to 1,777,000 bu compared with 2,791,000 bu last week and 4,295,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 28,000 bu.

There seemed to be a better demand for red wheat, and premiums advanced more in line with futures, indicating that the big scare is over. We understand that the Crop Insurance Corporation was inquiring for offerings, but were willing to pay on basis of seaboard prices for wheat that was in store at any point west of Buffalo, delivery to be made in December, basis #2 red. Whether any actual business was put through, is difficult to say, but we doubt if it was done.

The soybean loan was announced at $2.11 on the farm; we figure it about equal to $2.36 Chicago provided terms are the same as last year; namely 7¢ storage, 6¢ for moisture down to 11%, and the average freight rate of 12¢ from country to terminal. Trade in beans today was more moderate, with no wide fluctuations such as we had during the past few days.

September corn was weaker, bookings amounted to about 60,000 bu all rail, and the premium basis was 8¢ over September for spot corn. There was no particular feature to the new crop futures, although a little buying came into the pit on setbacks. The close was lower.

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CHICAGO, 4

September 2, 1949

There was no special grain news overnight. Not much attention is being paid to the weather right now for the reason that corn has matured quickly, and in fact, the prolonged dry spell accompanied by high temperatures has forced maturity in parts of Iowa and the Northwest, with the result that today's report by a private expert cut the yields about 48 million bu from the government forecast a month earlier. Nevertheless, a crop close to 3 1/2 billion bu seems virtually assured, and this year there is not the usual frost scare we so often have. In this area October 8th is regarded as the normal time for a killing frost, and we have only seen three or four occasions the last 25 years when there was a frost prior to middle of September. From all we gather the crop is mostly safe now and, therefore, we are going to contend with a total supply including carryover of about 4.3 billion bu, of which possibly 3 billion will be consumed at home; thus the balance added to the carryover one year hence. Iowa, despite some setbacks, will still raise over 600 million bu, or one-sixth of our domestic production, although it will be somewhat less than the bumper yields obtained last season.

When our market opened this morning, prices were barely steady. It seems that while red wheat has come more into line with futures, there are still some new tenders being made on September contracts. It would be difficult to ship wheat out of Chicago profitably in competition with cheaper offerings East of here. In the Southwest the market, plus the premium paid for cash, has reached a point which is attracting a little more wheat from the country. This does not mean that any wheat already in the loan will be redeemed, but on grain where the farmer had been debating whether to sell or impound, further advances might lead him to sell his wheat and thus obtain storage that might be needed later on for milo or other crops.

News came to us from Minneapolis that the Commodity Credit Corporation had bought close to 430,000 bu rye. This seems like a very large proportion of the crop for a single day's business, as we probably raised only about 20 million bu this season. If any quantities are exported by this agency, it will undoubtedly necessitate imports from Canada to relieve matters because the total supply at the beginning of the season was just about sufficient to take care of domestic matters without providing for any reserves.

Broomhall, in writing about the Argentine conditions, stated that trade interests are of the belief that the delay in British purchases under the recently signed trade agreement is due to the hope that agricultural prices may be revised downward on account of the increasingly competitive world grain situation. For a time Argentina profited very materially from its operations, but the margin of profit is being steadily reduced, while prices paid to farmers show a considerable advance over prewar levels. As a result it may not be long before the government is faced with the alternative of carrying on this grain monopoly at a loss or reducing official purchase price and in that way further antagonizing the farmer. It could, of course, leave the grain trade to its own devices. In any case it seems inevitable that export prices will have to be cut if Argentina is to regain any semblance of its prewar competitive status.

When the government report is issued there will be no new estimate on the winter wheat crop, and in fact, spring wheat will probably show little change from the August forecast; therefore, we shall have to depend on other factors for an inspiration.

Primary receipts of wheat amounted to 2,899,000 bu compared with 2,628,000 bu last week and 2,978,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 39,000 bu. When the visible supply of wheat is posted on Tuesday, it will compare with an increase last year of 4 1/2 million bu.

Markets were a little hesitant at the start but finally gained when it became known that Crop Insurance Corporation had bought about 700,000 bu red wheat. Mills are a little more active but only moderate hedges are being taken out of the pit. In the Northwest, we had advices that country selling the past two days had increased and this had a somewhat reactionary effect on Minneapolis futures. They had advanced to within about 3¢ of their loan. Southwest where the loan is based on Galveston price of $2.31 a bu, wheat is bringing from $2.28 to $2.30.

Rye was quite strong today due to good sized purchases by the government and very likely at this big discount under wheat European demand will improve. September corn was somewhat lower and cash premiums are easing slightly.

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CHICAGO, 4

September 6, 1949

There was not much grain news over the holiday. However, moisture was received over many parts of the country, and while this is not necessary now for the corn crop, it should put fields in good condition for fall wheat planting. From the last edition of THE WHEAT SITUATION, published by BAE, they give some rather interesting comments in looking ahead to see what the future holds forth. They say that even though a ten million acreage reduction is possible for the 1950 crop, it still looks as though another billion-bushel yield is possible next summer, and if seeded acreage of about 73 million acres is accomplished, the crop might even stretch to 1,100 million bu. They assume, of course, moderate allowance for increased allotments and overplantings, and, of course, average yields, which is all that one can figure on this early. Thus if our home consumption is 700 million bu, or about the present rate and exports should be 400 million bu, it would leave no change in the carryover reserve the following season, as this would just about take care of the combined winter and spring wheat crops, should normal conditions prevail. The national acreage allotment of 68.9 million was announced on July 14th, but this was increased as a result of recent congressional action, which provides that, "farm allotments be not less than the larger of one-half of the 1949 or 1948 wheat acreage and fallow which was seeded to wheat in the preceding year, adjusted on the basis of the national reduction in acreage. While applicable to any farm in the U.S., the chief effect of this legislation will be to increase allotments in the drier areas of the Great Plains. The total effect of this change in allotment procedure will not be known until after each county has checked individual farms."

In summing up general trends, BAE further forecasts that prices would be expected to average about the support level. Under existing legislation, the support level may range from a minimum of about $1.65 a bu to a maximum of about $1.75 a bu, assuming a parity index of between 230 and 238. In short, this support compares with $1.95 for the 1949 crop, and thus it can be seen that we may have somewhat lower prices for the future if big crops continue to be raised, but here again we are making many forecasts before much of the wheat is even in the ground.

From our own people we learn that moisture conditions are excellent everywhere in Texas, and that seeding of wheat will be in full swing in all parts of the state after Labor Day; in fact, quite a little wheat has already been seeded. The North Plains country is in excellent shape, and it appears as though there may be an acreage cut of about 20% from last summer all through the Amarillo territory; that is, east, west, and north of that point. At the present time farmers are not selling any cash wheat even though bids are running as high as $1.90 to the farmer. Quite a few producers are planting winter barley on the 20% wheat acreage reduction, and seed barley in that part of the country is bringing as high as $1.75 a bu. Our people believe that the government will permit the farmer to plant all the wheat he wishes, but he has to plow up any overage in spring, so that the harvest will be according to allotments. As for milo in Texas, the present price is about 30 to 40¢ per cwt. under the loan, and there may be no rush to market the crop, although along the South Plains, prospects are very good but acreage is less than last year. We hear that if farmers will store milo on their own farms, they will get an additional 20¢ per hundred, and under these circumstances there may be a holding tendency.

When the visible supply of wheat was posted, there was an increase of 968,000 bu bringing the total up to 204.6 million bu, which is 36 million bu more than was on hand last year. Corn showed a small decrease; there is 5.6 million bu in all positions compared with only 747,000 bu last year. The oat visible decreased 319,000 bu; present stocks of 27.6 million bu compare with 17.5 million bu a year ago. Chicago wheat stocks decreased more than 1/2 million bu, but there is still 18 1/2 million bu in this market. Corn stocks in Chicago amount to 1 1/4 million bu, while oat stocks are reduced to 3 1/2 million bu. There is about 1.6 million bu of rye here.

Markets were rather firm; while there is no important milling business at the moment, at least we have the same factors present: namely, the possibility of heavy impoundings, and chances are that this plus the export shipments will finally create an artificial situation later on. The few inquiries for flour appear to come from the East, but demand is rather from hand to mouth, and a good many of the chains are apparently waiting for reactions in price. However, time is in favor of new business developing, although the Southwestern Miller tells us that the majority of bakers are showing no great willingness to take more at this level.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 7, 1949.

There was no special news overnight to affect grains. Further moisture was reported in parts of the Southwest, the heaviest being at Corpus Christi, Texas, where more than 2 inches fell. However, there were also showers in many parts of Kansas, which should improve the seedbed, and chances are we shall have a pretty good acreage planted, although with the allotments it is difficult this early to try to figure out what plantings will be. The government itself in its last wheat resume stated that there will be some overages here and there, and that not all farmers will comply. Therefore, we may have to wait until December to get actual confirmation, although reports from Texas have already indicated a 20% cut. Before long we should hear more private reports from Oklahoma, Kansas, and other important states. Yesterday's run of wheat in the Northwest was heavy, following the Labor Day holiday; yet, there does not seem to be any pressure of importance either there or at Kansas City. In fact, enough wheat has been withheld so that with the government price support program, the situation, despite a large crop, would have been even firmer had it not been for the red wheat situation.

Up to now exports have been very small compared with last year. There are several reasons given for the possible shrinkage of business. Some believe that part of the retardation was due to the lack of appropriations, others figured that, inasmuch as we shall probably export only 350 to 400 million bu, the government will go slowly in working out this year's program, having started with a supply of about 225 million bu wheat that was acquired through defaults. Still others believe that we had had sharp price declines last year and the year before during February and that possibly some of the buying support will be withheld until the period after farmers can no longer avail themselves of loans. In any case it has taken longer to clear up this red wheat situation, and while there is less pressure on the market at this time, there still is a fairly good carrying charge from September to December, although the trade must feel that beyond that time everything will be changed, and as a result December wheat has been gaining very appreciably on May, indicating the possibility of small deliveries even before close of navigation, or in other words, during the first ten days of December. Farm legislation, of course, has not yet been decided, and this, too, will have a bearing on May wheat, but here again it is quite likely that a large part of the reserves on July 1, 1950 will be in government hands.

Here lately more attention has been paid to rye, and while it is selling at a big discount under wheat, one must compare the price of the export level of $1.80 under International Wheat Agreement. BAE points out that we are likely to export about 4 million bu this season, which may exceed imports. The carryover of 8.3 million bu on July 1, 1949, may be reduced to about half that amount by the end of the marketing year. Our crop last summer was the smallest in nearly 75 years with the exception of 1934. It was actually 29% less than the 26.4 million bu harvested a year ago, and it is likewise only slightly more than half the ten-year average crop of 35.1 million bu. It is considered likely that under acreage allotments and less wheat being planted, some of the acreage may go into rye, thus giving us an increase, but in past seasons the Northwest acreage has been cut down quite a little, probably for the reason that other crops, such as flax were more remunerative. Rye without adequate government support has been more or less neglected, but with light country movement there can be no heavy accumulations at any of our terminals. Chances are that the 1 1/2 million bu owned by Commodity is probably scattered throughout farm districts. The loan at terminals is no greater than for rye held on farms.

Primary receipts of wheat were a little larger, and amounted to 3,298,000 bu compared with 1,101,000 bu last week and 3,583,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 75,000 bu.

Flour business continues to lag, and according to the Southwestern Miller sales are averaging 30 to 35% of capacity. However, replenishment may be needed before long. We also heard from the same source that cash wheat in Texas and Oklahoma is now selling 1 to 2¢ above the loan, or 27 to 28¢ over Chicago September basis Gulf, domestic rate against a loan of $2.31, yet wheat is only coming out in a limited way, and many dealers express the belief that farmers will be reluctant sellers at any level below $2.40, or enough to cover farm storage and some handling charges.

September corn was strong in sympathy with cash, and this had some influence also on the deferred months.

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CHICAGO, 4 Sept. 8, 1949.

It becomes monotonous to say it again, but there was very little in the overnight news to affect the opening of our market this morning. It is now pretty well established that while the wheat crop is not of record proportions we have raised about the fourth largest on record, and that while the corn crop may have been exceeded by last year's bumper yield, we shall still have about 3 1/2 billion bu from this year's production, so that together with carryover stocks there is no shortage anywhere along the line. The main factor still is the artificial influence of government supports, and naturally the tremendous quantities impounded are having their effect already in many ways. The fact that we are going to have a reserve of about 800 million bu corn, something never before witnessed, is a story by itself, but the fact that September corn should be bringing the big premium over the new-crop deliveries when ordinarily one would expect a carrying-charge is something that can only be attributed to the 555 million bu of this cereal which has been taken out of the commercial supply, and apparently the balance of the corn in free hands does not seem to be pressing on the market. It is, of course, true that we cannot forever continue to pile up these surpluses, and while the government has caused to be constructed about 300 million bu elevator bin space either of steel, wood, or aluminum material, we cannot continue to put grain away without having in mind a final usage More perishable commodities, such as potatoes, have already caused great concern and have brought financial losses to the government. In the meantime, however, the situation has not yet reached a danger point in grain, and chances are that next May free stocks of wheat will again be small in comparison with the amounts held and owned by Commodity Credit Corporation.

When our market opened this morning, prices were about steady; changes were minor, and while there seemed to be a little selling in some of the pits, volume was not great, and apparently it is difficult to inspire much speculative enthusiasm when it requires almost blind faith that the artificial factors will finally be felt. For the time being we are making the largest contributions toward wheat exports, but again we call attention to the fact that our shipments will be smaller than last year unless there is a tremendous gain in the coming months. During the past season our shipments of wheat and flour were 504.6 million bu, with larger amounts going to the following countries: U.S.-U.K. zone, 129.6 million bu; Italy took 66.6 million bu; U.S. Pacific shipments were 58.5 million bu. We dispatched 24 million bu to The Netherlands, while Britain took only 9.5 million, and the latter was small as most of her supplies came from Canada. Switzerland, Norway, and Mexico each took in the neighborhood of 9 million bu, and this gives some idea which countries are most interested in our grain. Our total exports of all grains and flour to Germany last season were 190 million bu. Chances are we shall continue to feed those people on a heavy scale, and thus it is not so much of a question of dollars and cents as it would be in normal years when payments had to be in cash.

The Minnesota Weekly Weather and Crop reports mention that corn and soybeans suffered severely in late August from lack of soil moisture in a large portion of the main producing areas, especially in the western and central counties, but that both the corn and soybean crops are nearer maturity than usual for this date, with a large part of the corn beyond danger of frost damage. Reports from Illinois on both beans and corn remain very promising, and while the bean acreage has been somewhat curtailed there are many well posted grain men who believe the yield per acre is larger than a year ago. Harvest in sections probably will be under way within the next ten days to two weeks.

Primary receipts of wheat today totaled 1,586,000 bu vs 1,777,000 bu last week,and 3,342,000 bu last year. So far this week Minneapolis and Kansas City stocks of wheat show a net increase of 67,000 bu.

There seemed to be no activity of noteworthiness in markets today. Flour business is very quiet and inquiries are rather nominal. At the moment buyers and sellers of flour seem to be quite far apart as to price levels. The Chicago office of the CCC reported approximately 27,000 bu of wheat purchased, but we understand that they were willing to pay 10 1/2¢ over Chicago September F.O.B. the seaboard. Gradually the price of red wheat seems to be correcting itself.

Old corn premiums remain very firm, with old crop quoted at 8 1/2 to 9¢ over Chicago September, and it thus would appear as though the industry must still bid up in order to obtain necessary supplies. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 9, 1949.

When our market opened this morning, prices were somewhat higher, and he carryover feeling from yesterday was quite bullish due to the fact that we had ate advances. Of course, in wheat there is absolutely no pressure now, particularly with the red wheat going into stronger hands and the surplus being accommodated o the extent that each day makes some inroads into accumulations, as the mills are able to consume part of the surplus. It would, of course, have been a great help had we had the export business for red wheat in about the same volume as last year, but since this was not the case there were great distortions between Kansas City and Chicago, and between Minneapolis and Chicago. In both these outside markets cash wheat, including some premiums being paid for protein grades, have gone to a point at which they have about reached the loan level, and, indeed, there is a fair amount of wheat actually selling higher than the loan. However, the higher level is not causing much enlargement of farmers' offerings, and this morning one of our friends sent us an enlightening resume of conditions as they exist in the Northwest, part of which we shall quote here: Harvesting operations are practically completed in the spring wheat territory except at a few stations close to the mountains, and country receipts have dropped to nearly nothing. Country elevators are filled but mostly with stored grain. Chances are that receipts at Minneapolis and Duluth will drop to very small proportions unless there is a further advance in the market. Aggressiveness on part of mills is attributable to the 5¢ boat rate for carrying wheat compared to the 22¢ a bu rail rate to Buffalo, and naturally every effort is being made to get as much grain East as is humanly possible before navigation closes. Besides this quality is high, and the crop was not too large when you deduct the amount raised on the Pacific Coast, and also take into account durum wheat. When you further consider fairly large quantities will be tied up in the loan, it leaves very little for bread grain. Our informant understands that CCC would be willing to exchange 14% wheat for lower protein spring, but after all this does not make any more wheat, and thus deliveries on contract are apt to be quite light.

Nothing much is heard now on farm legislation, and chances are this will be more or less a dead issue until Congress reconvenes. However, it is generally accepted that prices may be supported next year under the Anderson Plan, which is a compromise program devised by Senator Anderson of New Mexico, who was formerly Secretary of Agriculture. Basic crops, such as wheat and corn, would have a loan equal to 90% of parity, but how the new parity would be figured cannot be stated at this time until we know whether the Aiken or Anderson Plan is to be the law. Acreage controls on basic crops are almost certain for next year. If farmers do not vote for such reduction, support prices are almost certain to be abolished. While there seems little likelihood that the Brannan Plan will make further headway this year, it is almost bound to become a political issue, and the Agricultural Secretary is traveling about the country trying to get support for this program. There has never officially been a price tag placed on the likely cost, although we saw an estimate made by one of the Professors of the University of Illinois, in which he claimed that if it were to be applied to all agricultural commodities, the taxpayer would have to furnish about $19 billion a year to meet the various subsidy payments.

Primary receipts of wheat were 2,203,000 bu compared with 2,899,000 bu last week and 3,922,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 35,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 4 1/2 million bu.

Wheat prices were rather firm early, although there was some profit taking on the advance. We believe that CCC is probably swapping northwest wheat which might account for firms up there paying higher prices for red wheat east of here. After the close the government will give us an estimate on spring wheat for September, but no big changes are expected. A corn crop of 3 1/2 billion bu also seems assured. We heard that a car of new corn was received at Minneapolis today, which is certainly early for this time of the year. Shorts here covered September corn all during the session. There was selling in beans with new support lacking. Farm income is estimated at $2.2 billion for marketings in August, which brings the total for the first 8 months of 1949 to $16.2 billion, or a reduction of 10% from the previous year.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 12, 1949

Business generally seems to be on the upgrade, and it is to be hoped that with the fact-finding body making its report on the steel industry, a strike may be averted. In the steel industry, supply has caught up with demand and no longer are large premiums being paid for scarce products, as shortages have largely disappeared, and in the past four months delivery time has been cut in half. America today, with 7% of the world's population, accounts for about half as much wealth as all the other countries combined. Probably what we need more than anything is a complete overhauling of our tax system, because there are many provisions that prevent the accumulation of venture capital, and in many cases it is either retarded or becomes nonexistent. The release of such additional capital from taxation would provide the most effective means of attaining the national objective of a high level of production and employment. Recently Fortune Magazine conducted a poll among American business executives. They asked the question: "If you could double your income by working 2 or 3 more hours a day, would you do so?" The replies were 70% in the negative, and, of course, this is not difficult to explain, for in the case of a person whose salary is doubled from $50,000 to $100,000, he retains only $12,000 of the additional amount received, and the balance is paid out to the government. As the New England Letter points out, it is obvious that our tax policies not only destroy "seed money," but also deprive the nation of valuable talent that could make a great contribution to our material well being.

When our market opened this morning, changes were not great. We nowfind that Canadian exports of wheat and flour during the past season amounted to about 231.6 million bu. This is an increase of 36.6 million bu over the 1947-48 season, but it shows that clearances from that country were less than half as much as those from the United States. Before the war Canada was the largest exporter and often helped to shape world prices. The all-time record for Canadian shipments was in 1928-29, when the total reached 407.6 million bu. Naturally that was at a time when crop and carryover supplies were heavier than at present. Yet the ten-year average amounted to nearly 250 million bu; therefore, even the heavier shipments this year than last are somewhat smaller than during that period.

We have come to the point in this country where a little more wheat might be offered, although pressure still is very light. Our Fort Worth Office advises this morning that a little more wheat was moving in that market, and, of course, this was made possible because the price was higher than the loan. Selling seemed to come from the territory which also raises milo. Apparently producers who are going to have to find storage space for their milo are now offering their wheat a little more freely in order to provide space. This could, of course, happen in other territories, although in the Northwest country movement is small even though the price in many instances is higher than the loan, but we presume that once grain is impounded it does not readily come out, although there must be a lot of wheat on which no loan has actually been taken, and, therefore, further advances might prove an inducement for producers to sell.

When the visible supply was posted, there was a decrease in wheat of nearly 1 1/2 million bu, and total stocks are 206 million bu compared with 173 million bu last year. Decreases were recorded for corn and oats, but the amounts were moderate. Chicago wheat stocks decreased nearly 700,000 bu, leaving 17 3/4 million bu here, but changes in corn, oats, rye, and beans were only nominal.

Markets were not particularly active, there was no pressure, but there seemed to be a fair undertone. CCC bought 320,000 bu of wheat inthe Southwest Friday, and we understand they would pay 10 1/2 over Chicago September FOB Philadelphia, so that the red wheat situation is becoming somewhat better, but actual purchases lately have not been large. Flour business is dull, with inquiries only moderate, and there is no sign of immediate improvement. It is difficult to confirm a report that about 600,000 bu of red wheat was sold tot he CCC at the Gulf today, but there was a fair amount of buying of September and December wheat by an export house.

Corn was rather strong,the September is liquidating slowly, and cash prices are firmly held, with #2 yellow still commanding about 7 1/2¢ over the future.

Beans broke early, but showed a little better recuperative power.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 13, 1949

There has been some recession in farm income, and cash receipts from marketings in August are estimated at $2.2 billion, down 18% from August of last year. Cash receipts in September are expected to total around $2 1/2 billion, which would likewise be a reduction of about the same percentage. However, for the first nine months they totaled close to $19 billion, which would only be about 11% smaller than the corresponding period of 1948. By the same token, farm employment is less than a year earlier, with about 11 1/2 million persons working on farms. The number of hired workers has been cut by about 6% from last year.

There was not too much news to influence the opening of our market this morning, although a fair amount of rain had been reported overnight, with some frosts in the Southwest, Hastings, Nebraska reporting freezing temperatures, while the same was also true at Norton and Beloit, Kansas. It hardly seems likely that frost will do much damage to corn as the crop has matured ahead of schedule, and the trade must feel the same way because even with the strength we had in the market early, corn futures were little influenced. There seems to be a generally better undertone and red wheat is no longer pressing on the market. We feel that by the end of this month the visible supply will gradually start its decrease, thus making inroads on our accumulations. Already we are finding that quite a few hedges have been taken out of the market, both yesterday and today, and from what we hear CCC is paying about 14 1/2¢ over Chicago September, FOB, Philadelphia, which is about 4¢ better premium than the same agency was paying yesterday. We also understand that full prices are being paid for gulf wheat, not only for regular grades, but also on other classes of wheat, which may gradually permit a mixture of red wheat, and thus reduce these stocks which early in the season had been quite burdensome. It is not yet possible to ship much wheat from Chicago to the Atlantic seaboard, but at least some of the other trades that have been made East of here have been quite advantageous, and, of course, indirectly help our market because any advance in the East finally means that operators will have to come to Chicago for supplies.

While there has been nothing new on farm legislation, we find that Senator Aiken is criticizing those who claim that supports are inadequate unless other steps are taken. Meanwhile, the government has announced a change in the hog support program, which will be on a monthly national average rather than taking the responsibility for keeping price floors under individual markets from week to week, which is the present program. This change will become effective the first of October, and we believe that after that monthly support levels will be announced until March 1950. There are also price supports announced for rice, which will average $3.96 per cwt. This is the equivalent of about $1.78 a bu as compared with $1.84 a bu for the 1948 crop, reflecting lower parity levels. Prices will be supported through producer loans and purchase agreements, and support prices are based on 90% of parity in accordance with legislative requirements. All of this shows the many and various responsibilities of government in trying to prevent any sharp declines, but it all goes back to the same theory that if prices are going to be maintained at an artificially high level, it can likewise only be a question of time before drastic acreage controls must be sought.

Primary receipts of wheat today totaled 3,596,000 bu against 3,188,000 bu a week ago and 3,681,000 bu on the comparable day of last year. Wheat stocks at Kansas City and Minneapolis remain unchanged.

The contract stocks of wheat in Chicago in state and federal elevators showed very little change from last week, the figures being 7,762,000 bu. For the period ending noon Monday the Kansas City office of the CCC reported approximately 1,360,000 bu wheat bought in that area. We understand a great deal of it was mixed wheat. The Chicago office reported the purchase of 13,600 bu. There apparently was no wheat obtained through the Minneapolis office although they did purchase 18,000 bu of rye. In addition to the CCC purchases at the Gulf and the Atlantic, there has also been other good domestic wheat business consummated out of Chicago. Gradually the red wheat situation seems to be clarifying and the tendency for the last day or two has been for Chicago December to gain on Kansas City December, It looks, at least for the moment, as though premiums at the Gulf and in the far Southwest have probably passed the peak while the premiums for red wheat are improving. Despite the fact that our markets were called upon to absorb profit taking in wheat today prices ruled higher throughout the session although the top prices were not maintained.

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CHICAGO, 4

September 14, 1949

The carryover feeling from yesterday was a little bullish on wheat, for the reason that the leading cereal had held pretty well when soybeans and some of the grains had shown rather rapid declines due to profit-taking. It is generally felt that with the improvement in the red wheat situation Chicago will gradually come more into line with Kansas City and Minneapolis. It is very seldom that when large crops are raised everywhere Kansas City and Chicago should sell for the same price, but, of course, we raised about 200 million bu wheat in the territory adjacent to Chicago, and these soft varieties were not immediately placed. Then, too, slow buying on part of the government occasioned tremendous discounts for No. 2 red wheat until just recently.

We recall for several years now when our Secretary of Agriculture was sponsoring the International Wheat Agreement it was his hope, as well as that of others, that we would find better outlets for our surpluses, but we were repeatedly skeptical on this subject, having recognized that the first agreement drafted many years ago was hardly worth the paper on which it was written. Argentina the first year shipped more than its quota, and it seems very difficult to ever have a pact on which 30 to 50 nations can agree when it is to the interest of those importing wheat to get their grains as cheaply as possible, while the exporters have just the reverse attitude. Furthermore, the United States, while it is supporting prices by devious methods, finds other difficulties in shipping abroad under a subsidy, and even up to this time we do not think that appropriations are definitely allocated. According to the Southwestern Miller, the first month's sales of wheat and flour under IWA by all participating countries have totaled 15.5 million bu, which includes 9.5 million shipped by Canada and 6 million bu by the United States. The total is only 3.46% of the annual guaranteed purchases, and on that basis it is hardly likely that the first year will prove successful unless the clearances are stepped up considerably. Of course, our policy has much to do with the difficulty of permitting the pact to function properly for the time being. We are attempting to ship 450 million bu wheat, while our quota is only 168 million bu under the Agreement. Even though it is not likely that we are going to meet the goal set early in the season, we are still apt to ship nearly half of all the wheat and flour destined to importing countries Shipments from Australia are smaller than last year. During the past fortnight they cleared 5.8 million bu wheat and flour, but the total since January 1st is only 86 million compared with 102 million bu last year. The amount remaining for export and carryover is practically as great as in the previous season. The United Kingdon purchased 7.3 million bu Polish rye, and has arranged to exchange this for corn which at present is stored in Germany. They have assured Germany that any loss which might occur would be made up later through imports of other foodstuffs.

According to Broomhall fall plowing in Europe is at hand but moisture is needed in many sections of the Continent. In the United Kingdom general rains are needed. Government plans call for extension of wheat acreage while we at home are putting machinery to work in order to bring about drastic reductions on 1950 crop planting and marketing. There has been slow progress in France on fall work owing to the dryness. As a result of this situation farmers are withholding feed grains from the market, and this has brought about an active demand for bran and a considerable tightness in that market. Some beneficial rains have fallen in Germany, but they were only partial, while Austria has also received scattered rains and the general moisture situation is satisfactory. There, too, acreage expansion is planned.

Primary receipts of wheat were light today and amounted to only 1,086,000 bu compared with 3,298,000 bu last week and 1,579,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 46,000 bu.

Markets were rather dull during today's session. There did not seem to be the buying power and May wheat was under pressure, in some instances being sold against purchases of December, with the result that the distant future was weakest and hardly shows any advance for the week. Milling demand is not keen although a little more buying interest has developed among bakers. This is natural as stocks of flour on hand are gradually being depleted. In corn, the September delivery was a little easier with the cash basis lower. There were no frosts overnight except in the far north and the forecast is for cloudy weather with rising temperatures.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

September 15, 1949

There was again very little news overnight to guide our markets when they opened this morning. Further precipitation had been reported in parts of the Southwest, particularly Texas, but fair weather is now in prospect for most of the country, with rising temperatures, and to that extent even the late corn should not be affected now by what looked a few days like the possibility for early frosts. The main support during the past week or so has been the enlarged buying by CCC, but the question now comes up as to whether this policy will continue or whether the purchases were made mainly to take care of boats that were ready for loading. This morning, CCC was inquiring for offers, fob. cars, for loading today in the interior for shipment to the Gulf. We heard that #2 Hard was offered at 25 over Chicago September, which would make a basis equivalent of about 28, fob steamer. This compares with their current bid of 21 1/2 over for the same type of wheat. If cheap Gulf Port offers are cleaned up it is likely that the CCC will have to go to an interior basis, which, as indicated, would be about 6 1/2¢ higher than they were bidding today. 28 over at the Gulf would compare with today's basis at Philadelphia of 15 1/2 over which was up 1¢ from yesterday and it accentuates the relative cheapness of the eastern wheat. While this basis does not yet put Chicago in line for export via the Atlantic as we are still a few cents too high, it does improve our position. Eastern wheat is still considerably under the support price while in the Southwest the situation is quite different and in many parts of Texas the present level is about equal to the loan price. However, we do not hear of any heavy offerings as yet from producers.

It was rather disappointing this morning when Broomhall came out with only 4.1 million bu exports for the past week, including wheat and flour. This was a drop-off from the previous period, and the total since July 1st is slightly less than 62 million bu. The wheat shipments comprised 2 million bu from the Atlantic, not quite a million bu from the gulf, and nothing from the Pacific, with flour exports making up the balance of about 1.1 million bu from all ports. There seems to be a slightly easier feeling in corn, and also, in respect to old supplies, many people believing that September contracts will even-up without too much excitement. New corn is, of course, influenced by the fact that we shall have a record carryover on October 1st, although about twice as much will be in government hands as privately owned, which is likewise a most unusual situation.

The Chicago corn-hog ratio is now 15.0 compared with 14.7 last week and 13.8 a year ago; therefore, a profitable feeding relationship, except that there is considerable doubt as to what hogs will bring in the market after they have been sufficiently fattened. The fact that lard prices had been going down rather steadily is not too much of an inducement, particularly with the government claiming that unless we maintain some of our exports for fats and oils, lower prices are going to be witnessed later on.

Primary receipts of wheat show a little bit better and amounted to 2,790,000 bu compared with 1,586,000 bu last week and 3,415,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 34,000 bu.

The wheat market was considerably stronger today with one future making a new high and others approaching previous records of the season. It seems that the higher price being paid for red wheat was the best stimulant and this all came about even though there was a little improvement in the milling demand with flour bookings remaining at low levels. There seems to be considerable resistance yet to the advances in price but by the same token flour stocks on hand are dwindling. The main strength today was in July wheat representing the new crop future, and, of course, it was selling at a tremendous discount of nearly 20¢ under May. This seems rather a wide difference particularly as some decrease in acreage is almost sure to be had. September corn was a little easier and #2 yellow corn sold from 5 1/2 to 7¢ over the future. There was no great pressure although bookings from the country were heavier with about 95,000 bu sold to Chicago on an all-rail basis.

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CHICAGO, 4

September 16, 1949

After the close of the market yesterday, the Dominion report was published at Ottawa estimating spring wheat production in Canada at 347 million bu, together with 24 million in the East, or a total wheat crop of 371 million bu. This is a reduction of 22 million bu from last year and is also a cut of about 20 million bu from earlier figures. The rye crop is roughly 1/2 million bu larger than earlier estimates, with an indicated yield of 10.3 million bu compared with 25.3 million last year. In addition to this news, Commodity Credit Corporation issued a revised list of awards on bin-type and comparable storage structure to be used for storing corn and other grains, and officials now tell us that orders are for 280 million bu of this space, together with 45 million bu storage capacity previously on hand. So they are now able to take care of about 325 million bu grain, which they say will be sufficient to meet currently known needs. At the same time CCC is prepared from offers now on file to make such additional purchases as may be necessary in case there is a shortage of room later on.

When our market opened this morning, prices were rather firm, and the trade had in mind the vast buying yesterday by CCC, which later was given to us officially. In the Chicago area purchases were 2.2 million bu wheat in addition to 450,000 bu acquired at Kansas City and 100,000 bu wheat at Portland. While purchase in our region were the heaviest, we are told that none of the wheat was actually sold out of Chicago but comprised red wheat which was East of here, and could be laid down to the seaboard more advantageously than by paying the full rate from Chicago to Philadelphia or other Atlantic ports. Nevertheless it is the first really energetic buying in some time, and brings up the question as to whether or not we are going to be in for a period of sustained purchases, such as occurred last year. The CCC FOB price at Philadelphia is still 15 1/2¢ over, and apparently that level was sufficient to bring out a considerable amount of grain because there was evidence of further hedge covering this morning, probably more of the same sort of business. As a result of these transactions December wheat today sold through the previous high of the season, which was $2.14, and no doubt sentiment has considerably improved, as it was mostly the red wheat situation that had caused much of the distress earlier in the season.

There was not much news outside of the factors referred to earlier. More scattered rains had been reported in Texas and in Oklahoma; elsewhere, it is clear and temperatures are quite seasonal for this time of year. When this upturn occurred it naturally had some influence on other grains, and rye, which has been quite indifferent lately also showed some recovery. One of the agencies in the East calls attention to the fact that Germany could use a larger quantity of rye, and asks the question why purchases are not made either in our country or in Canada because of relative cheapness. In view of the fact that so much grain is being given away or at least sold oncredit, there would be considerable saving to the taxpayer if rye were placed in exporting channels. According to gossip, Germany could use the entire North American rye surplus and more. As far as our own situation is concerned, with the smallest crop in years, and a carryover of about 8 million bu, we have just about enough to take care of domestic needs, and chances are we are going to import fairly large quantities from Canada. Stocks of Canadian rye continue to increase at Fort William, which is the delivery point for Winnipeg futures. The week ending September 8th, total supply was 4.8 million bu, an increase of about 400,000 from the previous week, while stocks a year ago were somewhat less than 2 million bu. However, there is not the same incentive on part of elevator operators to bring rye into this country for storage, because with the big corn crop coming soon, rye is less attractive from point of view of carrying, particularly if there are discounts on corn at the beginning of the season, as was the case last year.

Primary receipts of wheat were 2,119,000 bu compared with 2,203,000 bu last week and 3,639,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 69,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last year of 1,330,000 bu.

Trade was quite good early but there were reactions after mid-session when word came from Kansas City that CCC had reduced their earlier basis 1¢ per bu to 21 1/2 over Kansas City September FOB. This was for #1 hard wheat but they would not make purchases with the future higher than $2.11. Flour sales were a little better today. There was some pressure on the May future which widened further under December. In corn, there were advances for the new crop positions but September

was rather dull even though the open interest is still big.

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CHICAGO, 4 September 19, 1949

The deflation of the British pound had been fully expected; in fact, many people thought it might have come even earlier, although the extent of the cut may have been a little greater than generally surmised. It came practically eighteen years to the day after England had gone off the gold basis in 1931. With this new move now nine other countries have also cut the value of their money in terms of dollars.

Sir Stafford Cripps, Chancellor of the Exchequer, announced the British decision to the nation in a broadcast yesterday afternoon. The cut has now brought the pound down to the free market rate; in other words, it had been selling for about $2.80 on the Swiss market, although the official rate only of $4.03 was recognized by the British in the international trade.

In our market letter of September 21, 1931, we made the following comments: "The all-important event over the holiday, and almost transcending in its importance anything which happened since the great war, was the suspension of the gold basis in England. As a result price changes were violent, and at times liquidation was very heavy. The immediate effect was naturally an advance in prices at Liverpool almost corresponding to the decline in exchange, and spreaders profitted largely on these transactions. As far as grain itself is concerned we do not believe it will affect prices either way, and England will be compelled to buy in other countries on basis of gold, and the lower the exchange the more pounds it will have to pay. Had our grain prices not been deflated so seriously no doubt we would have had a small panic here, but as it was, after an early depression; prices reacted very reasonably."

The situation at present is far different from 1931 in that our exports of wheat and flour are being largely financed through credit operations, and, of course, the quantities needed for Army relief, or German occupation are not in any way affected by foreign exchange. Likewise our shipments to Britain are very small as about 140 million bu is being shipped from Canada under a bilateral agreement, although financed largely by ECA funds, and the dollars are being furnished by us in the hope that this will permit Canada in turn to buy vegetables and other commodities from the U.S., which otherwise she might not import. In the long run, however, cheaper money in foreign countries puts us on a pedestal and makes it more difficult to sell abroad, as it requires a larger percentage of foreign money to buy our dollars, and probably for this reason cotton and wheat were somewhat lower when our market opened, although the effects of devaluation are not likely to be immediate. Prices on the Winnipeg Exchange for oats, barley, and rye were higher, as undoubtedly they may be compelled to take a median path, and some of our friends believe that a 10% cut in the Canadian dollar based on American relationship may finally result. That would, of course, permit Canadian grains to be exported more readily to the U.S. unless those products would advance to the extent that money was devalued, and we feel that just that would happen. Therefore, we are not too fearful of being flooded by their surpluses, if Canada takes such a step.

When the visible supply of wheat was posted we had our first large decrease. It amounted to 3.3 million bu. Total stocks in all positions are 202 3/4 million bu, 28.3 million bu larger than last year. Corn showed a small increase and total supplies are 5.4 million bu compared with only 791,000 bu last year. Oats decreased 803,000 bu, total stocks amounting to 26.5 million bu vs. 17.8 million bu last year. Chicago stocks showed moderate decreases all along the line.

The government buying program which had been so influential in carrying prices higher last week was slowed up this morning when the bid for wheat at Philadelphia was only 11 1/2¢ over Chicago December compared with the previous bid of 15 1/2¢ over our September. This was actually a reduction of about 1¢ per bu. On Friday last, their purchases through Chicago were nearly 4 1/2 million bu. This, together with the other uncertainties, brought some selling into the pits, and, of course, some people are afraid now that if Canada devalues that we may have to import more of their grain although we do not see the argument because in most cases prices readjust about to the extent that devaluation takes place. Experience has already proven that pretty conclusively. Flour business was still slow and buyers seem to be awaiting further breaks. There was not much in corn. The nearby future prevented sharper declines in the new crop months. There had been rains over the corn belt Saturday night but fair weather has prevailed since.

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CHICAGO, 4 September 20, 1949

The best example of supply and demand working in a free economy has been demonstrated in the case of Canadian rye vs. the Chicago market during the past week. It was announced late last night from Ottawa that Canada had followed the many other countries in devaluing her currency, although based on the American dollar the depreciation is only 10%. The cost of bringing rye from Canada to Chicago is about 14 1/2¢ a bu, including duty and various charges. Their market had been at about that discount under us for some time, and while a few imports were taking place, quantities were not particularly large. Today Canadian futures quotations after devaluation are about equal to ours, so that with Winnipeg rye selling at about $1.40 a bu, the 10% currency depreciation means about 14¢ a bu. Thus instead of being flooded by offerings, the normal accommodation has taken place without any government action or control.

We have read practically all the comments made with respect to currency changes in the fifteen or so countries which have now acted. The writers have discussed the problem from point of view of imports and exports, but there is one angle which has been overlooked in our opinion: namely, that of social security to the extent that people in those countries who have been thrifty and who have saved their money will finally be compelled to pay higher prices for goods, and so irreparable damage, we believe, has been occasioned to those who have put money aside in the way of a "nest egg" for old age. There will be those who will debate this question. Nevertheless, an American economist made this statement in 1932 when devaluation of currencies became so popular almost universally: "Our commodity price level will increase to the same extent that we have increased the value of gold, with this qualification, that the law of supply and demand will occasion fluctuations above and below the fixed value of gold." It took a long while for prices of goods and services to increase in this country because of our great resourcefulness, but men like Professors Warren, Rogers, and Pearson, who were so influential in advising President Roosevelt that the devaluation could be stemmed and higher prices brought about, were finally correct in their views except that it took a long time, and even a war, before the inflationary tendencies were reflected. Even now in England it is figured that the working man will be beset by greater hardships unless the British Labor Government is able to enforce the deflationary policies at home. According to Dr. Palyi, an expert on international monetary affairs, the best that can be hoped for is that Britain will avoid industry-wide wage increases for a time. Of course, the immediate effect of devaluation in England will be an unturn in the export trade, although that upturn may soon be offset by increased competition from other countries with devalued currencies and by pressure for higher wages and prices internally.

When our market opened this morning prices were lower and in the final analysis wheat, which is an international commodity and raised in virtually every clime, is bound to feel the effects of these monetary changes. Whether the effect will be immediate, however, is another question, particularly with the high loan at home, heavy impoundings, and probably large quantities sold abroad on credit where exchange rates are not a factor. As far as the International Wheat Agreement is concerned something has arisen now not contemplated when the draft was written. Both maximum and minimum prices were figured on Canadian currencies at the parity of the Canadian dollar as of March 1, 1949. Our government has daily fixed the subsidy rate so that the export value would be down to the level of $1.80 Canadian funds for Canadian wheat at Ft. William. The devaluation of 10% in Canadian money means 18¢ a bu. Therefore, if this is not taken into consideration by increasing our subsidies to the same extent, we shall not be able to compete, as our prices will be higher than the worldlevel. Any Canadian adjustment would be an offset.

Primary receipts of wheat amounted to slightly over 3 million bu compared with 3 1/2 million bu last week and 3.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 25,000 bu.

Markets were very nervous, but, of course, great weakness in the stock market, occasioned by the coal strike and the possibility of a breakdown in steel relations, made the trade jittery coming on top of the devaluations reported in other countries than those mentioned yesterday. It gives a person much to think about, but in wheat, we feel that the government support program, plus the heavy impoundings, will still be a factor and, therefore, recoveries are likely later when confidence is restored. The deferred futures of corn were weaker, while September remained relatively strong. Lard and beans were rather heavily liquidated.

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CHICAGO, 4

September 21, 1949

There was not much news overnight either with respect to weather or grain. However, a little better sentiment prevailed, and while a few more countries had devalued their currency, this is not counted as being of immediate significance for the reason that so little of our wheat is being sold abroad on a dollar basis where actual currency exchange is vital. The Department of Agriculture was notified that Mexico has deposited its instruments of acceptance with the Department of State, and is now eligible to participation under the International Wheat Agreement. This makes sales of U. S. wheat and wheat flour to Mexico eligible for export payments. Chances are that about 6 1/4 million bu wheat is involved, and they are able to buy it 25 to 30¢ cheaper than would otherwise be the case. Up to the present time the amount that has actually been sold under IWA has been very small, and during the past week not a single bushel was contracted for, although sales of flour in wheat equivalent amounted to about 188,000 bu. One difficulty, of course, is that the Congress has not yet appropriated funds from which the subsidy can be drawn, and later on the business may increase, but since August 1st only trifling amounts have been cleared under the Agreement.

We learned late yesterday that Rep. Jesse P. Wolcott of Michigan had just completed his analysis of the latest financial statement of Commodity Credit Corporation. He claimed that it was quite clear that CCC would soon be scraping the bottom of its financial barrel, and that this would probably come before the end of the year. Additional funds must be made available at this session if the government is to keep its promises and commitments to the American farmer under present price-support legislation. It is for that reason that the Congressmen will offer a bill on Wednesday to extend the borrowing authority from its present $4 3/4 billion to $5 3/4 billion. He stated that the Secretary of Agriculture had told the Congress that there were ample funds in CCC for all the price-support operations during the current fiscal year, but that he had been wrong before, and that he felt certain he was again in error. The Representative from Michigan said that according to the last financial statement of CCC, borrowing authority had been reduced from $4,750 million to $2,728 million, and that at the present time the possibility of suspension of Commodity loans hangs as a threat over markets and our economy.

We understand that debate on the Farm Bill will probably start Monday, and chances are that some form of flexible loan program will probably be enacted, particularly as we are now beginning to find greater difficulty in selling grains and commodities to Europe.

According to Broomhall, soil conditions have improved in western and central sections of the Continent, and in the U. K. plowing is progressing. Plans call for material expansion in wheat acreage for Britain, which will gain momentum over the next few weeks. Partial rains in Italy were received although more are needed. Plowing and seeding operations are reported satisfactory in Russia, while in India there have been widespread rains, which are favorable for fall work and for plowing, so that seeding is getting under way gradually. So much was heard early of the possibility of heavy Russian wheat exports, but last week they amounted to 712,000 bu, bringing the season's total to only 2 1/4 million bu, or about the same as last year. No other grains were cleared during the past week, but so far this season 600,000 bu corn was shipped, and all in all it does not look as though that country would be a very heavy contributor during the remainder of the season. Recently Argentine shipments have been improving, particularly those for corn, and this was destined to France, some also to Belgium, all of which shows that Europe is not entirely dependent on the U. S. for its feedstuffs.

Primary receipts of wheat were light and amounted to only 633,000 bu compared with a little more than 1 million bu last week and nearly 1 1/2 million last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 18,000 bu.

While trade was light, attention was paid to the stock market which was up considerably on the possibility that the steel strike would be averted. Milling demand was somewhat improved while pressure from the country was negligible and with the little investment buying prices moved into higher ground. There was not much feature to corn. The open interest in September is still big and tomorrow will be the last day for trading in those contracts.

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CHICAGO, 4 Sept. 22, 1949.

There were no special developments overnight. A few scattered rains have been reported in the corn belt but nothing of importance, nor does the outlook suggest much precipitation, although cloudy skies are in prospect.

We have been trying to find out from our friends in the Southwest to what extent acreage cuts may take place in Kansas. It is still rather early to come to any definite conclusions, but a good many farmers will probably adhere to the allocations, but others may exceed them owing to the fact that soil conditions are very propitious. Thus, it is figured that as a minimum 13.8 million acres will be planted, and in the final analysis it may be somewhat larger, but this we shall not have officially until December. Meanwhile, word has come from Washington that a proposal has been laid before the member governments of FAO, incorporating an idea for a $5 billion international food surplus corporation under a five-year charter. The plan is to move surpluses to deficit areas, and while many details are still to be worked out, 40% of the money is to come from the U. S. for financing the project by a commodity clearing house to be set up to administer buying and selling operations. A group would also attempt to foster commodity agreements on a multilateral basis and might even barter various commodities, but the whole plan is so fantastic that not too much attention is being paid to it even though it seems to have the endorsement of U. N. and the full FAO staff.

When our market opened this morning prices were rather steady. There was no particular issue in any of the grains, but it is generally felt that even though 24 countries have now devalued their currency, the prime factor at home is the lack of pressure, with receipts in the Northwest becoming light, many people feel that with impoundings so heavy there will be no burden from that source for the remainder of the crop unless we should have sharp advances next spring.

Our exports are continuing at a moderate but constant rate. According to Broomhall, 6 million bu was placed afloat during the past week, of which 2.3 million bu was from the Atlantic, a little over 2 million bu from the Gulf, and the balance from the Pacific Coast. There was also 1.1 million bu in the form of flour from all ports. Should that rate continue it would mean only a little more than 300 million bu for the year, and would be more in line with private estimates instead of the 450 million bu that had been forecast so freely by CCC and other governmental officials earlier in the season. We have shipped since July 1st nearly 68 million bu wheat and flour. Even with somewhat shorter crops in some European countries, demands have fallen off. World exports since August 1st have totaled 96 million compared with 116 million a year ago. It looks to us as though even with increasing populations the world over Europe would gradually try to become more self-sufficient, particularly now that European currencies will buy less and that, therefore, our problems will increase as time goes on. Whether or not we are going to be able to voluntarily have acreage reductions remains to be seen, but, of course, it is also a fact that we have had six bumper crops, and somewhere along the line more average yields are bound to be realized even granting that farming technique has improved to a point that we can probably expect a more satisfactory condition than formerly when poorer seed and less fertilizer had been utilized.

Primary receipts of wheat amounted to nearly 2 million bu today compared with 2,790,000 bu last week, and close to 3 1/2 million bu last year. Kansas City and Minneapolis stocks show a net decrease of 43,000 bu so far this week.

The government estimated the August shipments of wheat, flour, and macaroni at 36 million bu, which was somewhat larger than for July, but compared with 62 million cleared a year ago. However, this had very little influence on our price levels.

Wheat had a very good undertone, and even the September delivery gained somewhat on the deferred months, probably in sympathy with the strength at Minneapolis and Kansas City. There was a little hesitancy at times owing to the fact that September corn closed rather weak but by tomorrow this will all be forgotten, and since there is no pressure from wheat producers we have the feeling that prices will gradually improve. The deferred months of corn were somewhat cheaper, even though they are ruling far below loan levels. It is felt that with 800 million bu in the carryover and a 3 1/2 billion bu crop practically assured, some selling will take place regardless of quantities finally impounded. September oats expired at a pretty good premium over later months, and evening-up operations created a little difficulty for shorts in getting covered.

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CHICAGO, 4 September 23, 1949

A good many people in Washington have made claims that one of the reasons the International Wheat Agreement is not more effective is because we have not yet appropriated funds from which subsidies can be paid. For this reason Senate Bill #2383 has been read twice and referred to committee, authorizing the President, acting through CCC, to make available or cause to be made available such quantities of wheat and wheat flour and at such prices as are necessary to exercise the rights, benefits, etc. in fulfillment of obligations of this country under the IWA, which has already been signed by the leading exporting nations with the exception of Russia and the Argentine. Apparently it is the purpose of this Bill not to take funds from ECA but to have them appropriated through Commodity Credit and if necessary to raise more money in carrying out the export program for the sale of about 168 million bu annually. Not too much attention has been paid to this particular factor, for the reason that for at least the first year or two of the Agreement, we have been planning to ship far greater quantities of wheat and flour abroad, although smaller amounts are now involved than last year, when a record of 502 million bu was established. It is also a fact that more than half the wheat and flour which is being cleared now is going to occupied countries or for Army, Navy, etc., so that the question of currency is not an important one yet but may become so within the next few years when grain may again have to be sold more or less on its merit and in competition with supplies from other countries.

Senator Anderson is insisting that something be done by the Congress before it adjourns, and is apparently trying to bring up for consideration his bill in order that the Aiken Law will not go into effect, as now provided for under the law passed by the 80th Congress. He stated that prior to the last war the major purpose of the agricultural program was to support and maintain the purchasing power of the farmer at a level which would allow agriculture to play its proper part in a stable economy. He also pointed out that during the war the price-support program was used successfully as a national defense measure by encouraging an increased production of food and fiber vitally needed at home and abroad. However, he feels that flexible methods of lending supports under the parity formula are now needed and that certain changes should be provided to improve existing law. Apparently there is considerable agreement that the maximum level of 90% for loans should not be maintained during a peacetime economy, but rather that a sliding scale should implement the previous system in order to prevent the building up of surpluses at home. Senate Bill #2522 provides, as does the 1948 Act, that whenever marketing quotas are disapproved by producers for any crop, the price-support level for such crop will be 50% of parity. The same Bill, he states, provides for a modernized parity formula, and also, for the inclusion of wages paid hired farm labor in the parity index. At the present time it is believed that Mr. Anderson's legislation is favored beyond other suggested methods, although little progress is being made as time is running short.

In the meantime a new factor has come into play, and the price effects of devaluation are expected to grow, particularly as nations use their new competitive power to gain markets. Up to the present time there has been no change in the Argentine currency, but there continues to be talk that devaluation in that country may come soon. One thing, however, becomes more evident: namely, that for any foreigner to earn dollars in the same amount as before, those nations will need to sell much more in the U.S. market; but so long as tariffs are maintained the difficulty of doing so remains a paramount problem.

Primary receipts of wheat were 1,646,000 bu compared with 2,119,000 bu last week and 2,698,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 77,000 bu. When the visible is posted on Monday, it will compare with a shrinkage last year of 811,000 bu. Chances are we are on the path now of continual decreases for a long period.

Markets lacked much incentive and wheat was somewhat lower, with the milling demand poor and not many inquiries. It seems that with so little outside interest at the moment and many speculators already on the constructive side of the market, it may take time for some of the artificial factors to make themselves felt. Believe this will gradually happen, however, as we make inroads on our accumulated stocks.

Corn was a little firmer at times and No. 2 yellow corn sold on the spot market at a premium of 13 to 14 1/2¢ over December. However, with beans somewhat weaker early and lower quotations for lard, there was not much speculative demand, and all in all the futures market was rather featureless. UHLMANN GRAIN CO.

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CHICAGO, 4

September 26, 1949

This week will probably witness considerable debate in Washington with respect to new farm legislation. Sen. Anderson of New Mexico left no doubt in the minds of the agricultural group as to how he stood on this controversial subject. It is natural, of course, that he should sponsor his own bill but at the same time he spoke rather harshly of the Brannan Plan, which he declared had failed to take into consideration that the farmer wants to get his money from the marketplace and not through the post office. The Senator stressed the bipartisan approach in the Aiken Act, which would now go into effect the first of the year unless changed by Congress before adjournment. He went on to say that his own amendments now before the Congress continue the basic principles involved in that Act. It was he who had recommended a modernized parity base, and also the flexible price supports contained in the Aiken Law. He even went so far as to say that the Aiken Law was basically the administration's program which he had recommended to the Congress at the time he was Secretary of Agriculture, and that it was originally sponsored and supported by the administration. It looks to us as though Secretary Brannan's Plan would definitely be held in abeyance and, of course, one of the more frightening aspects of the Washington scene is the piling up of subsidy upon subsidy, scheme upon scheme, and project upon project, all of which add to budgetary difficulties and finally deficit financing, which in a peacetime program we know is not feasible.

When our market opened this morning, there was no particular news to affect it, although Kansas City and Minneapolis showed greater strength than we had, with the result that it took but little buying here before we responded. There were undoubtedly some hedges taken out of the pit, and it was said that an Eastern chain baker had bought flour, which caused relative strength in the Southwest, although that market has been gaining on us during recent sessions, probably for the reason that the government buying of red wheat stopped almost as abruptly as it started. For the time being at least, there seems very little interest on part of CCC in accumulating heavier supplies, and we believe that some of the people who have taken delivery on September contracts were forced to sell their wheat at even larger discounts under December than those that prevailed for the expiring future last week. Until this situation is clarified, the carrying-charge spreads are still in some doubt, and this has also been responsible for the narrowing between December and March, and even between December and May.

As far as corn is concerned, reports that we are getting from downstate are to the effect that the storage bins already erected and those still to be built will undoubtedly take care of the impounded supplies from the 1948 crop. Thus it is not difficult to explain why receipts to terminals have been so light, and this was the reason for the comparative strength of September corn, which ruled from 7 to 10¢ over the new crop months during the past few weeks. Now that September is no longer traded, cash corn is still in about the same relative position with December and this brings up the question as to whether the movement will enlarge much when the harvest takes place. Present weather is almost perfect, and should it remain dry, the quality of the corn might be sufficiently good so that farmers will tend to keep larger quantities on the farm, preparatory to putting it into the new loan.

Chicago wheat stocks showed a decline of 750,000 bu leaving 16.7 million bu in this market. Corn increased 303,000 bu but still the total is only a little over a million bu and movement from the country continues light. The total wheat visible showed an increase of 1 3/4 million bu. We now have stocks in all positions of 204 1/2 million bu or about 31 million bu more than last year. The total corn visible is 5.6 million bu, there having been an increase this week of 1,331,000 bu. Oats decreased 1.6 million bu leaving about 25 million bu vs. 17.3 million bu last season.

While there was some indifference early the markets finally responded to the strength in Minneapolis and Kansas City and generally speaking there is very little pressure anywhere except from occasional profit taking. We asked our Illinois offices whether they thought farmers would sell many beans after harvest and the general summary was that there would be a holding tendency and in some cases oats have been sold in order to make room for the beans.. Apparently producers have in mind that at the tail-end of the old crop, prices soared above $3 and we doubt whether there will be a rush to market beans. Therefore, the anticipated hedges may be smaller than previously expected. There was nothing special in corn although movement from the country is light and without pressure small buying orders lifted the price level rather easily.

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CHICAGO, 4

September 27, 1949

There are only two cereals that have the ability to make bread rise: namely, wheat and rye. Consumption of wheat has gone up constantly, and the writer can remember quite distinctly when this country disposed of only about 500 million bu for all domestic uses annually, which was not too far back, and, indeed, during the 1943-44 period nearly that quantity was used for animal consumption, at which time we had a small crop of corn. Also, feedstuffs generally were inadequate to take care of the large animal population. Rye, however, presents quite a different picture and while there are many countries in the world where it is used in preference to wheat, the same is not true here in the U.S. Last season the per capita consumption was the smallest on record, and amounted to only 2.1 pounds. Actual disappearance for civilian food last season was 5.4 million bu. This is quite a different situation from years where the home disappearance for bread was as high as 18.7 million bu. Apparently we are not a rye-eating country, such as is the case with respect to Russia or Germany. Likewise this country has at times raised very much more rye than at present. For example, the bumper rye crop was produced in 1919, when we raised 128.9 million bu; in 1922, virtually the same amount was harvested. We have also had occasions when our exports were very heavy, and there were periods when we shipped nearly 60 million bu in a year: notably, 1920. On the other hand the quantity being consumed at the present time for domestic nonfood use still compares rather favorably with some of the recent years, although it is also smaller than on many other occasions. Last season 18 million bu was consumed in that fashion. It is natural, therefore, that our rye crops should be smaller, but this summer's harvest was at practically a record low; thus we figure that even with some imports there should be no difficulty in taking care of the supply already on hand and those which we may gather from Canada.

The rye market has not been a particularly interesting one during the past few months. One would imagine that a cereal which is not so inferior, and which has considerable nutrition would be in greater demand; yet the ordinary rye bread which comes to the table contains only about 20% rye flour and probably 80% white flour, so that we do not recognize it in the sense in which it is consumed in many European countries where it is raised so extensively. Furthermore, the discount under wheat should make it more attractive except that we are prosperous enough in this country that the relative cheapness apparently does not increase the consumption to any great extent any more than bread made from white flour is so much affected by a cent or two rise or decline in price. In the past few years only negligible quantities of rye flour appear to have been procured by the armed services. All in all it may take somewhat longer for rye to come into its own, but we are convinced that our carryover reserve next season will show a reduction from the reserves that we had on hand this July, and as a matter of fact we rather look for a close adjustment between supply and demand.

The government issued figures on the amount of wheat impounded. By end of August, 167 million bu was placed under loan and purchase agreements. This compared with 98 million bu the corresponding period a year ago. It also shows that with the price so much lower, the farmer was alert and took advantage of this condition. Only 3 million bu was in purchase agreements, while nearly 140 million had been stored at commercial centers, with 24.4 million bu on farms.

Primary receipts of wheat today were just short of 2 million bu, compared with a little over 3 million bu last week, and 2.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 65,000 bu.

Trade in wheat was a little heavier. It was apparent almost from the start that as further flour sales had developed hedges were taken out of the pit.

We find that of the 167 million bu of wheat impounded that 111 million bu is tied up in the three states of Texas, Oklahoma, and Kansas. There is less than 8 million bu impounded in the eastern states, of which one-half is in Ohio. Of course, there is a lag in reporting, but in any case, it explains the relative relationship between soft and hard wheat varieties.

Corn also benefited today from the better sentiment and was helped by the stronger cash basis. We note that #1 and #2 yellow corn sold at 15¢ over. Nevertheless, with bookings from the country light, and not much offered, a good many people are beginning to feel that futures selling so far under the loan represent too big a discount. There was a fair amount of short covering.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

September 28, 1949

In analyzing the wheat situation for the past forty years, it is rather interesting to note that the total amount consumed for food has hardly risen, despite the fact that our population in 1910 was less than 92 million persons, while at the present time it is more than 145 million, an increase by about 60%. In the early period there was about 460 million bu wheat used each year for bread and cereals, while last year only 474 million bu was thus used, indicating that the big increases that have taken place must have been either for feed or for additional amounts needed for seed, as our acreages increased. Actually the per capita consumption is now the smallest on record and history shows that only 194 lbs. per capita is now going into food consumption and obviously our usage has been gradually downward for this compares with about 296 lbs. back in 1929, and all the time we have developed more and better vegetables and lately an increased meat diet so that people have turned away from bread, although it is still considered the staff of life. Yet, with so many women watching their diets and probably with the workman taking fewer sandwiches in his lunch basket, apparently a great change has taken place in our eating habits. Even during the depression and the drought years, the amount of wheat annually consumed per person amounted to about 220 lbs., and it is not likely that the consumption will decrease much from the present level, although we thought that earlier and have apparently been mistaken in our views. Strangely enough, the amount of wheat ground for cereals has been more static, and actually with the various advertising campaigns, every man, woman, and child is consuming about 3.5 lbs. per year, as compared with only 3 lbs. between 1909 and 1914.

When our market opened this morning, prices were very firm, and the carry-over feeling from yesterday was a little bullish, owing to the fact that hedges had been taken out of the pit, with a little better flour demand, although cash markets had shown a good undertone, and they in turn are gradually being influenced by the heavy impoundings. When one allows for the probable quantities that have gone into the loan during September, we shall probably have a sufficient amount taken out of the commercial supplies to influence the situation as time goes on. We should not be surprised to see sufficient amounts under loans and purchase agreements by end of January to exceed the quantity that we shall have in the reserve stock next July. Thus an artificial market seems likely unless redemptions are sizeable at some future date. For the time being red wheat is still in poor demand. The price that CCC is willing to pay FOB, Philadelphia, of 11 1/2 over December is not attractive to bring wheat out which is stored here. There may be as much as 15 million bu still in the East, which could be bought cheaper than our grain; so there is some uncertainty with respect to December wheat in its relation to the more deferred months.

It is considered likely that the boost in flour prices the past two days will not have too much influence because it was known ahead of time and created some business, but yet we are gradually making inroads on the accumulations and expect visible supply decreases to extend over a long period. Frosts are predicted for many sections of the corn belt, but shall probably be more helpful than harmful. The early buying in corn was probably more in response to the fact that prices are cheap compared with the loan and that movement may not be heavy.

Primary receipts of wheat were very small today and amounted to only 569,000 bu which compared with 633,000 bu last week and 1,571,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 31,000 bu.

The trade was impressed with the fact that contract stocks of wheat hardly went down during the week and still amount to nearly 7 1/2 million bu in Chicago. Another factor which caused some comment was that the prices in the Southwest and Northwest had reached a point where possibly a little loan wheat was coming out. The offerings were not appreciable. However, country purchases increased slightly during the past few days. While there was no particular pressure there seemed to be a little profit taking and thus best prices of the day were not maintained. There was, however, a little better sentiment in beans and in corn and during most of the session prices were rather firm.

Traders are of the opinion that France is trying to buy soybeans cheaper. However, funds are available for them to buy if they wish to make purchases. Movement of corn from the country is still not heavy although about 80,000 bu were booked today including 60,000 bu new corn. It is still very early although the crop is further advanced than normally at this season of the year.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 29, 1949

The frosts which had been forecast for the corn belt failed to develop as generally as had been predicted, although a few were reported here and there, but had little market effect. The late weakness in the market yesterday caused some concern, not because the price decline had extended far, but rather because reports came from both Northwest and Southwest that the country movement was a little better than previously, prices now having reached the loan level, and apparently in some cases farmers were attracted to sell their grain. This illustrates that even amongst producers there is not too much confidence that the price level should be up except for the artificial influences that have been created through the loan. There is, of course, disappointment that the buying for export has been so small, and yet when we analyze this feature we believe if we ship at the rate of about 33 million bu a month, including wheat and flour, by January 1st the largest part of the accumulated stocks acquired by CCC through default may have been disposed of. That, of course, would mean that more aggressive buying might have to take place later on, or even before the irst of the year if the routine shipments could be arranged in order to bring about continuity of business. Generally speaking, CCC has tried to have its grain in position at least thirty days prior to shipment; moreover, they have to arrange their cargo space which cannot always be obtained the very last minute. A great deal of consideration has been given to red wheat for two reasons: first of all, we exported about 60 million bu of that type of wheat last year, while so far only trifling amounts have been procured; secondly, the question arises as to how long it may take to eat into our accumulations of soft wheat with so very little impounded up to the present time.

For example, we are showing below the size of crops raised in some of the soft winter wheat states last summer, and in the next column the amounts that were under loan at the end of August, as follows:

	CROP	IMPOUNDINGS TO 8/31/49
Illinois	46.7 million bus	None
Indiana	39.4	458,000
Ohio	58.8	3,932,000
Michigan	34.7	1,810,000
Pennsylvania	20.6	332,000
New York	11.9	327,000
Maryland	7.0	1,110,000

As a matter of fact, we have but little timidity on the final outcome of the red winter wheat situation for the reason that anywhere from 150 to 175 million bu soft wheat is consumed domestically, but if both exports and impoundings are small while other types are pushed more readily into the loan or possibly for shipment abroad, one can easily imagine the distortions that are apt to occur between Chicago and outside markets.

Broomhall has estimated this week's wheat and flour shipments at 5.8 million bu, and total since July 1st, 83 million bu. This would be at the rate of 360 million bu for the year, whereas the government has been continually mentioning a goal of 450 million bu. Should their prediction come true, we would have to step up clearances to a much heavier rate than has occurred up to now.

Primary receipts of wheat were a little larger and amounted to 1,424,000 bu compared with nearly 2 million bu last week and 3,378,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 133,000 bu.

Markets showed a little firmness at times but there was considerable liquidation of our December wheat, selling coming from the Northwest and also switching of contracts to the more deferred months. A good many people are afraid that the red wheat will still be circulating on contracts when December comes around. This, of course, is entirely a guess and much will depend on what the government does during the next two months. If they continue to show such great indifference the elevators may decide to deliver out their wheat rather than to carry it with an inverse carrying charge. However, CCC re-entering into the field might change everything. In any case, the deferred months were relatively firm. There was a little buying of beans today and nobody is expecting a burdensome movement, in fact, quite the opposite view is expressed, that there may not be any sizeable accumulations. There was not much feature to corn but there too the country is not disposed to sell on a heavy scale.

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CHICAGO, 4

September 30, 1949

A few frosts were reported in various parts of the corn belt, but the crop is far enough along now so that there is hardly any discussion on that subject. The forecast is for somewhat higher temperatures, and according to a private expert the outlook as of October 1st is very much the same as it was a month earlier for a crop close to 3 1/2 billion bu, which would be the second largest on record, having only been exceeded last year when we raised 3,650 million bu. When this is compared with the ten-year average of 2,748 million bu, one can easily see that the extensive use of hybrid seed has given us a permanently higher yield, although we admit that after six years of bumper crops, with just one exception, there are bound to be some disappointments from time to time, although the present large harvests are being brought about even though acreages are considerably lower than they were some years ago. The same expert also figures that the soybean crop may turn out to be about 210 million bu, which is approximately 6 million more than was estimated last month by the government, although recent weather has been very fine for the best development of the crop, and, indeed, in many of the southern sections harvesting operations have already been accomplished.

We are trying to find out as best we can to what extent acreage allocations are being met in the Southwest on winter wheat now being planted. Of course, it is difficult to size this up because some farmers are undoubtedly making a voluntary cut, while others seem quite willing to take their chances, hoping that the price will be in the neighborhood of $1.50 on the farm next year, so that even if there were no government protection, they might still fare well. In many cases we learn that those producers who are going along with the government's request will probably use a larger amount of fertilizer. Thus there is no assurance that the reduction in crop will correspond to any reduction in acreage. Of course, this is all too early to forecast in advance with the wheat just going into the ground. However, seeding is being accomplished under propitious conditions, at least in that big wheat state, with moisture quite satisfactory in most sections.

Just before our market opened this morning, cottonseed oil futures in New York had risen rather sharply, and there was some talk that a bigger appropriation might be granted for the exportation of oil and meal. There are also advices from the East telling of the strength in crude oil, and that all offers had been cleaned up at about 10¢, with some rumors that the government might support the market, which had caused the strength in cottonseed oil futures. This naturally had a sympathetic influence on our beans, which opened on a sharp advance even though wheat futures were rather indifferent. Of course, yesterday's tendency more toward a carrying charge was regarded as a little bearish, although nobody could be sure what is going to happen during the next two months by way of government purchases, and particularly those of red wheat. We are surprised that there has not been more discussion by any of the Senators from Ohio and Michigan on this subject, although they will probably be told that the farmer could have taken greater advantage of the loan had he been dissatisfied with the discounts that prevailed; besides, the whole government buying program has been extremely small compared with previous years.

We find that under the IWA, which would enable us to ship about 168 million bu wheat and flour this season only about 10 million has been sold through that source since August 1st, all of which indicates that there are some difficulties being encountered although we heard this morning that 4 cargoes Manitoba wheat were sold through IWA, and apparently the Manitobas can be sold because of delay in the U.S. granting subsidy to ECA countries, although one great advantage we have from here is that so much of our wheat is being offered on a credit basis or else is destined to occupied zones where comparative price is not much of a factor.

Primary receipts of wheat today totaled 1,628,000 bu vs. 1,646,000 bu a week ago and 2,694,000 bu on the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 241,000 bu. When the visible is posted on Monday it will compare with a decrease last year of 4,671,000 bu.

There was no particular feature in wheat although there seemed to be a fair amount of March sold vs. the purchase of May. The main strength was in beans but believe that with an enlarged movement possible during the coming week caution should be exercised and would confine any purchases to recessions. There seem to be complaints coming in from many sections of the country of a box-car shortage and some country shippers of beans have been unwilling to offer same for fear that cars will not be available to fill prompt shipment contracts.

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October 3, 1949

Official figures have not as yet been released but we believe when they are available, exports of wheat and flour in wheat equivalent for September in this country will again show a decrease from last year. According to one Washington dispatch, USA exports of wheat are running about 29 million bu behind the same period last year. However, this is not the complete picture, as apparently the figures mentioned refer only to wheat and not flour in wheat equivalent. For the first five months of the 1948-49 season, approximately 159 1/2 million bu wheat and flour in wheat equivalent was exported from our shores. We believe that when the September figures are available we will show a lag of about 70 million from the previous year. Undoubtedly some of the foreign buyers have remained out of the market until funds are made available by Congress to subsidize wheat against the International Wheat Agreement and ECA allocations are made. Even if the action is taken, it is very doubtful if the deficiency can be made up, and it is probable that during the remaining part of the season it will be further increased. 50% of our exports so far have gone to occupied zones of Germany and Japan. These shipments will undoubtedly continue, but to other sections of the world, dollar shortages, devaluation of currency, and other factors are playing an important part. Since August 1st exports from Canada have actually increased about 10 million bu. The Argentine has recently devalued its currency, and thus another step has been taken in making our grains relatively higher to the importing nations. Broomhall estimates that this country may have to be content to export 100 million bu less wheat and flour this season. He points out that while Europe has 50 million bu less wheat than a year ago, the carryover was larger and production of coarse grains has been increased. The general food situation in Europe is greatly improved, and competing export countries are more actively vying for the business. Bread rationing has largely been discontinued, and while better flour is being produced, there should be plenty of grain in Europe if the winter is not unusually severe, and the demand for foreign grain will probably not develop until just prior to their next harvest season.

The Senate has resumed discussion on agricultural problems, particularly as pertaining to the Anderson Bill. Senator Thomas, according to a news item, will introduce the Brannan Plan. While sentiment still favors the Anderson Bill, the Brannan Plan has gained some support, and it looks as though it would be a political issue in 1950. We have written so many times on the ill effect of extremely high loans that it seems unnecessary to again harp on the subject. But in our judgment nothing can be more harmful to the final economy of this country and to the welfare of the farmer than extended loans of 90%. We are accumulating vast supplies of agricultural products, our foreign markets are narrowing due to better conditions abroad, and competition from those exporters who have devalued their currency. This is the time for us to take a more realistic view and no longer encourage farmers to use their soil to produce for benefits from the loan rather than for actual requirements. We will finally place ourselves out of the market, expend many millions of dollars of taxpayers' money, and accumulate burdensome supplies, unless some form of catastrophe, such as a drought or a war would save the situation.

Primary receipts of wheat today totaled 1,289,000 bu vs 1,242,000 bu last week, and 2,321,000 bu last year. When the visible supply of wheat was posted it showed a decrease of 1,648,000 bu, making total stocks 202,876,000 bu, or approximately 34 million bu more than a year ago. Chicago wheat stocks showed a sizeable decrease of 1,126,000 bu, leaving a balance in this market of 15,644,000 bu. Local corn stocks increased 909,000 bu.

CCC remains inactive, and the milling demand is quiet, although there is the feeling in some quarters than an enlargement in export volume is about due. Seeding in Kansas is well under way, and is almost completed in the western third of the state, with soil conditions generally good. There is no way as yet to estimate how farmers are complying with allotted acreage.

Markets were mainly influenced by the strength in beans and corn. Spot corn is apparently urgently needed, with premiums ruling high. Possibly some is wanted to fill export sales. Both Illinois and Indiana had heavy showers over the weekend, which undoubtedly delays the bean harvest and prevents larger offerings.

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CHICAGO, 4

October 4, 1949

The universal question seems to be what will be the disposition of red wheat, and is it likely that CCC will have to buy further quantities before December contracts in Chicago terminate? We have expressed our views quite often on this subject, having in mind that if exports of wheat and flour continue at the rate of about 33 million bu per month, we shall dispose of about 200 million bu during the first six months of the crop season. This is virtually as much as was acquired by the government through defaults; therefore, if CCC shipments continue for the balance of the season, one would naturally wonder how additional quantities would be acquired. As far as the Northwest crop is concerned, when one deducts the durum wheat it does not leave terribly much surplus except, of course, some quantities used on the Pacific Coast. Furthermore, hard wheat is pretty firmly held, especially when we take into account the 167 million bu impounded at the end of August, the largest part comprising wheat in the Southwest. Chances are that during the month of September additional loans were entered into, and then we have four more months, or until the end of January, during which period the farmer can remain indifferent, watching the price level to determine whether or not he wishes to sell his grain or put it into loans or purchase agreements.

This in our opinion is the reason that there is not more pressure from the Southwest, and it is also the reason for our conclusion that if any substantial quantities are to be bought, the government may have to take red wheat even though it is less desirable than some of the other grades. The fact that 61% of our shipments are being made to occupied areas also gives the government greater latitude as to the grades of which they can dispose. In a general way experience has shown that this export business must ofttimes be done far enough in advance so that proper arrangements may be made for freights. Last week Chicago stocks decreased more than a million bu. A good percentage of this wheat was shipped to Oswego, also a cargo to Buffalo, and some wheat was destined to the Gulf, via barge, but at least we are making some inroads on accumulations here. Therefore, December wheat, which has been relatively the weakest future, might still command a fairly good premium over the deferred months.

As far as general export business is concerned, the future is not too bright. We are not just looking ahead for the next six months or a year, but figure more for the next two or three years, during the period in which European agriculture will probably show greater improvement. We also have in mind that the bilateral agreement between Britain and Canada will soon expire, and it is not likely that a new pact can be arranged on nearly the pleasant basis for Canada as she experienced the last time. We believe that the Canadian Wheat Board is fully mindful of this situation, and certainly Britain will try to drive a harder bargain in view of the fact that supplies gradually are becoming more plentiful in various parts of the world. This also should finally have a bearing on our agricultural legislation, as we have become quite spoiled during the past four or five years when shipments to Europe have been far above normal, although acreage cuts may bring some relief. Moreover, there is no assurance that we are always going to raise bumper crops. In view of the fact that Congress is anxious for adjournment, it looks as though the Anderson Bill would probably receive preference and a good many of our legislators are inclined to accept a program for flexible loans and a gradually lower field instead of holding up prices on an artificially high level.

Primary receipts of wheat today amounted to nearly 2 million bu, about the same as last week, and this compares with nearly 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 10,000 bu.

Wheat prices were rather firm until the government reduced its basis at the seaboard 1¢ per bu. This caused some liquidation, despite stronger markets in beans and in corn. With debate taking place on the Farm Bill some changes are being pressed; for example, that payments of 90% be made mandatory in supporting basic crops whenever acreage allotments or marketing quotas are imposed. Some of the Senate leaders, however, felt confident that they held sufficient votes to defeat such an amendment. For example, there is one provision which would prevent CCC from selling domestically any farm commodities it owned or controlled at less than the current support price for that commodity, with other limitations to take care of interest, storage, insurance, transportation, etc.

Corn was influenced by the high premium being paid for cash, slow movement from the country, and the fact that little pressure is expected. Almost the same conditions held for beans.

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CHICAGO, 4 October 5, 1949

Farm legislation is still in a very confused state, but apparently the main consideration is the extent of help to which farmers are entitled without much thought of the over-all economy and what effect it may have on accumulations which are bound to occur if artificial influences are geared to a point that may prevent normal flow of business. We have always felt that since agriculture is so fundamental, and since prosperity springs from the soil, if the matter were so easy to dispose of, $3 for wheat would be even better than $2. Therefore, if this were the only factor, why not go the full way in endeavoring to make the procedure the envy of every country? Unfortunately, however, competitive forces finally come into play. We have seen this so often before when various and devious methods were attempted in other countries to hold commodities above their true level. We have also witnessed at home a situation in which unjustifiable and unmanageable surpluses might have created a very severe loss to the American people except for the war, which finally permitted us to dispose of these accumulations. We are referring to the 1942 wheat carryover, which was 632 million bu, and the 1943 surplus, which amounted to 622 million bu. However, the moment hostilities ended, shipments to Europe increased at a tremendous rate, and for about three years we exported on an average about 400 million bu each year, which gradually improved our status. But we point these matters out for the reason that heavy exports may become more difficult as European agriculture increases.

No one can say at this time whether the Anderson Bill will finally come out of Committee sufficiently adjusted to meet the approval of the Senate. Meanwhile, we cannot overlook the loans which are effective for the present crop, and we are referring not only to wheat, but even more to corn, having raised the second biggest crop in history. Yet, movement from first hands is very small, probably for the reason that the farmer is not compelled to sell on the market. The support rate ranges for counties from $1.29 to $1.66 a bu, and the national average as recently announced is $1.40. Rates for the 1948 crop averaged $1.44 nationally, so that with lower parity during the past twelve months there have been slight reductions, but yet not big ones. The 1949 loan and purchase rates are still based on 90% of parity price on corn as of October 1, 1949, as required by controlling legislation. Parity for that date was $1.55 a bu as a national average. There was, of course, another factor which kept a good deal of corn back in the country: namely, the tremendous additions in storage of virtually 300 million bu bin space erected in short order, consisting of steel, aluminum, and wooden tanks, either the circular type or the quonset huts, but in any case it provided the means whereby the farmer could free his cribs in order to take care of the new harvest.

Despite the heavy reduction in Chicago wheat stocks, contract grades were down very little, and amount to 7,386,000 bu compared with 7,500,000 bu last week, which still leaves the December delivery in a most uncertain position with respect to the later months. Of course, if the government does not buy more aggressively, we might have tenders on contract two months hence.

Primary receipts of wheat today were small, and amounted to only 556,000 bu compared with 569,000 bu last week, and 1,083,000 bu last year. Starting Monday Enid will be included in the visible supply, and since they have a stock of 26 million bu, this will make quite a difference, and will also make it more difficult for comparisons with other years. So far this week Kansas City and Minneapolis stocks show a net decrease of 70,000 bu.

Seeding of wheat seems to make headway in the Southwest, although in many districts soil is dry; about the only place that had relief overnight was southeast Oklahoma, with little looked for in other sections, although the corn states will probably experience rains and higher temperatures.

In today's trade December wheat was the strongest, and there was a little buying of this future against sales of the deferred by an elevator house. After mid-session there was unquestionably considerable profit-taking in beans; buying orders were mostly small and scattered, with the result that this cereal had quite a sell-off, and probably influenced to some extent other grains. Corn, however, held comparatively firm, and there is not much pressure from country selling. July wheat was weak, and locals were the best sellers, with so little support that it widened its discount under May, but, of course, nobody can have too much conviction until we know more about next year's acreage, and which form of legislation may finally be enacted. CCC bought 2 million bu through Chicago the past two days.

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CHICAGO MERCANTILE EX.

October 6, 1949

Rains over the corn belt were quite heavy, and precipitation will probably continue this afternoon and tonight but should clear by Friday. Under these circumstances this was not regarded as much of a factor to affect corn, although if we should get a spell of wet weather, naturally it would be an influence on the market, as was the case last year when we had so much moisture corn, and more came to market to be dried because it could not all be kept safely in the country for storage. We note that the government has invited offers for the sale of a limited number of exhaust bins for ventilating grain storage structures. Apparently they realize that with the tremendous bin space that has been erected in the country, there is always the danger of deterioration to corn and to other cereals unless something is done to properly airiate these cereals, and at best even with such improvements one could hardly expect the same results as when there are terminal facilities for properly running fhe grain any time that it begins to look sick. It would, of course, be impossible to have conveyor belts in these small structures without going to tremendous expense, but yet if the grain is in fairly good condition when it arrives, keeping it cool and sweet would be less difficult if proper exhaust fans could be purchased The basis for corn continued very strong, and No. 1 yellow sold at about 19¢ over the future, clearly indicating that there is no pressure yet from first hands. When one considers that there is a carryover of about 800 million bu, and a crop of about 3 1/2 billion, or a total supply of 4.3 billion bu, this is really quite an unusual situation.

As far as wheat is concerned, conditions do not change much from day to day. There is certainly no weakness either at Minneapolis or at Kansas City, and as far as we can tell the spring wheat will all be wanted before the end of the season, particularly when allowance is made for durum wheat and for the supplies out on the Pacific Coast. It appears to us as though finally Kansas City December wheat would have to approach the cash price prevailing in that market certainly to attract any important selling on part of producers. While this may not happen until end of December, it does look from present indications as though deliveries on their contracts would be very light. As far as Chicago is concerned, it is still problematic whether the red wheat will be sufficiently reduced by that time to prevent heavy deliveries, and while some wheat is being shipped out of this market, contract stocks are still quite large. About 300,000 bu is being moved from here to Buffalo, but this is No. 2 hard wheat, which is in comparatively good demand and does not influence the situation with respect to tenders.

CCC did not make any purchases through their Chicago Regional Office yesterday, and this morning they raised their bid 1/2¢ per bu, showing a little more aggressiveness but yet it will take a fair amount of buying of red wheat either East of here or in Chicago to reduce surpluses.

Broomhall estimates that world import requirements of wheat and flour will be 872 million bu, or some 60 million bu less than last year. While European crops were smaller, their carryover reserves were somewhat bigger, and this accounts for the fact that they will undoubtedly require fewer imports. He figures that 400 millionbu will be furnished by the United States, 240 million bu by Canada, 92 million from the Argentine, 100 million from Australia, and possibly 40 million from Russia and the Balkans to build the total to 872 million bu. Our shipments last week were somewhat heavier, with 7.6 million bu cleared, and the total from July 1st to October 1st is nearly 91 million bu; 2.0 million bu this week went via the Atlantic, 2.8 million from gulf ports, nearly 1 1/2 million from the Pacific, and approximately 1.3 million in the form of flour.

Primary receipts of wheat amounted to 1,071,000 bu compared with 1,424,000 last week and 2,162,000 bu last year. So far this week Kansas City and Minneapolis stocks show a decrease of 244,000 bu.

Markets had a fairly good undertone, although brokers acting for Northwest elevator concerns were selling December wheat; yet final prices were higher, and even the July delivery, which was under pressure yesterday, recovered about 2¢ in today's session.

The Senate Agricultural Committee again reported the Anderson Bill to the Senate in about its original form. Apparently action may be taken on the Senate floor tomorrow, but in any case it looks as though for the next year at least 90% of parity loans will be offered producers on basic commodities, although the parity formula will be somewhat lower.

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MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

October 7, 1949

While our Senate is debating farm legislation, discussing phases of the Anderson Bill, we note that the Italian government is interested in another aspect of agrarian legislation, having in mind the redistribution of land, and the age-old battle of the Italian peasant to get land of his own. The government proposes to turn over 3 3/4 million acres of public lands and large private holdings into small owner operated farms. This would all be in accordance with legislation written into the Italian constitution, and the program also includes broad efforts to improve agriculture by technical research, education of farmers, improved marketing methods, and better cultural practices. We also learn through the Office of Foreign Agricultural Relations that after forty years of Japanese control research has started in South Korea with respect to agriculture being adapted to fit the needs of the people. U. S. technicians are engaged in extension service, showing farmers how to use modern methods. We have no doubt that in the years ahead, we shall again have to face the question of surpluses. Apparently one of the reasons for the heavy debate in Washington is because acreage allocations are never very popular with the producer, and undoubtedly a good many people feel that when it becomes necessary to dictate the amount of acreage that should be planted to any cereal, the farmershould be in some way compensated for his sacrifice. However, it is probably forgotten that much of the advance in price is due to the artificial methods already resorted to, all in behalf of getting the producer more money than could otherwise be obtained.

When our market opened this morning, there was no special feature, and clearing conditions were reported over parts of the corn belt, but apparently there will be a return of rainy weather tomorrow and Sunday, and possibly again by the middle of next week. This had a little bullish influence on beans early because they have not all been harvested, while first corn prices were rather firm, although the basis at mid-session had declined somewhat from yesterday.

Australian shipments are keeping up reasonably well, with a little over 5 million bu wheat and flour cleared during the past fortnight. This brings the total to 94 1/2 million bu since the first of the year compared with 107 3/4 million bu a year earlier. There is still 54 1/2 million bu for export and carryover, or about the same quantity as in the previous season. According to cable advice, rain is needed in the western and southern sections to insure a good crop this January. Acreage is officially estimated as somewhat higher than last year and better than the prewar average. As for Argentina, their shipments are on a rather modest scale, although statements have been made recently that the exportable surplus had about been sold. Most of the wheat now is going to Brazil, and there are no indications as to whether European countries will receive much grain from that source. This refers both to wheat and to corn. Growing conditions in the Argentine have been most favorable both for growth of wheat and coarse grains, while corn planting is now under way, with the likelihood of a little increase in acreage.

Primary receipts of wheat amounted to 1,167,000 bu compared with 1,628,000 bu last week, and 2,187,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 251,000 bu. Ordinarily we would have expected a fair decrease in the visible supply on Monday, but due to the addition of Enid there will be a net increase, this being the first time that cognizance is taken of that market. However, some provision is being made for this change. A year ago the visible decreased by 982,000 bu.

Markets were firm during the fore part of the session, but later on there was profit-taking with a substantial reaction.

Vice President Barkley stated that he expected Congress would adjourn sometime next week - Saturday at the latest, unless something unforeseen should turn up.

Soybean futures gave ground rather reluctantly, but there appeared to be a little hedging at times by houses with down-state connections. Of course, this is the normal time for accumulations to take place. In wheat, there seems to be little issue, flour trade is extremely dull, and according to Southwestern Miller, sales are averaging less then one-third of capacity, while the export trade has also slowed down. There was fairly good buying of rye today, probably in sympathy with the advance at Winnipeg, but reactions in wheat kept the market from maintaining best figures of the day.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 10, 1949.

Although there is considerable change in world crops this season from last, the biggest reduction is in North America, where wheat is down to 182 million bu, rye 22 million, barley 114 million, and oats 215 million bu. We still are raising considerably more than prewar as the North American production of wheat is up 432 million bu, barley 33 million bu, and oats 253 million, but rye is down 25 million. Contrasting this is the European production, while not differing greatly from last year, although wheat is 50 million less, and there are also minor changes in barley and oats, and production is materially less than prewar, wheat is 190 million bu under the 1935-39 average, and rye is still 102 million less, oats down 226 million bu, with little change in barley. Populations have increased, including Europe, and that part of the world is not back to prewar production, so they still have quite a different diet. Considering the world monetary situation, we must expect greater efforts in the production of foodstuffs in European countries within their own borders, and purchases from others on a more favorable money basis than North America, and particularly the United States. We are continually building up surpluses and our government recognizes that and is taking steps to correct it. Unfortunately the big national debt and current budgets are a handicap to normal supply and demand readjustments. They do not want prices to decline too much; so other measures are sought for a solution. Prices, however, cannot be overlooked and all the plans take it into consideration, even the staunchest supporters of high level prices, advocating continuance of 90% of existing parity formula, would have us follow declines in general levels of price for those articles which farmers have to buy. Others advocate a flexible scale of modernized parity in accordance with the quantity of supplies. Still a third school of thought is to let prices go to whatever level they would seek in the market, and make up the difference to wartime income levels through funds derived from taxation. Regardless of what plan is followed they all advocate control of production when quantities become excessive.

Efforts are made to subsidize exports but it would seem that we will have to face greater realities as the rest of the world expands production and increases their commerce in food under conditions with which we will find it difficult to compete.

Our market now is in the phase of adjustment to future conditions, and meanwhile administrative efforts are being made to keep prices at support levels by liberalizing terms of storage and construction of warehouses. These are all palliatives and sterner measures of acreage allotments and possibly marketing quotas are planned for use within the next year. In the immediate future, wheat farmers, as example in the larger growing areas, have been able to avail themselves of the full support advantages, although such is not the case in the eastern part of the country where the open market has had to absorb the full harvest selling.

Supports in other grains are less effective, and in corn administrative fears are already expressed that the major final outlet of this cereal through feeding is likely to find glutted markets. There are problems in other farm commodities, with more than ample production resulting in large carryovers, of which good portions have been turned over to the government in satisfaction of loans as the market could not absorb the full surpluses.

Excellent rains in the Southwest will benefit dry topsoil moisture which had been handicapping seeding. Rains accompanied by strong winds have brought some damage in Iowa to corn stalks weakened by borer infestation.

CCC wheat buying attitude still mostly indifferent and because of no further Senate activity on Farm Bill markets were mostly quiet.

The wheat visible supply decreased 2 1/4 million bu, but 1 1/4 million of this was in Chicago, bringing our stocks down to 14 1/2 million bu. We are gradually making inroads into our large accumulations, and since this weekly report was taken there have been further lake shipments with additional sizeable outgo from this city expected during the week. Downstate Illinois reports emphasize that farmers are taking loans on soybeans wherever possible, and also generally planning to take the corn loan. Field work is just about getting under way on removing corn from fields in central Illinois and moisture is gradually drying out.

Primary wheat receipts were 1 1/4 million bu, about the same as last week, and 1/2 million less than a year ago. The visible supply is now 226 million, which includes over 25 million in Enid, not in last year's figures, when they were 168 million.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct, 11, 1949.

High winds which had been reported over many parts of Iowa yesterday will apparently cause mechanical difficulties in harvesting the corn crop. The fact that the corn borer had been prevalent this year to a greater extent than usual made some of the stalks weak, while in other cases ears had fallen to the ground, but chances are most of the corn will be saved in one way or the other, particularly with the price so attractive, especially the loan.

After the close of the market today we shall have a government report, and chances are that even if some reduction is claimed total results will still be highly satisfactory. There is, however, an item which we believe should be remembered, not only for now, but in the years ahead. Hybrid corn, which is being used so extensively, is producing a crop which is chronically more moist than the open pollinated type. This means that even when weather is propitious it is going to take more mechanical drying to make it commercially safe to handle corn and to keep it over long periods. Some of the people to whom we have talked believe that unless driers are utilized in great abundance, we may continually have to deal with moisture corn in some cases until the following May after harvest. Another factor to be considered is the steel strike, because some of the manufacturers who had contracted to deliver bins out in the country are not able to fulfill their obligations now. Consequently, we may find the movement to market or to terminals may be somewhat larger than had been anticipated earlier. As far as the soybean crop is concerned, it is in most cases turning out better than indicated previously at least as far as Illinois is concerned. However, wet weather which is forecast may make it a little more difficult to harvest the remainder of the crop, and for the time being at least there is very little pressure.

The wheat market continues rather uninteresting, and one of the obstacles to higher prices has been the red wheat here in Chicago. Despite all statements that have been made about burdensome stocks in this city, we find that there was a reduction of 1 1/4 million bu the last week, with very little government buying, and so far this week about 553,000 bu hard wheat seems to be moving to Buffalo from one of the large elevators here, while there may also be some rail shipments of red wheat during the week, which seems to be a step in the right direction. Under these circumstances, there may not be the heavy deliveries on December contracts which some people fear. Furthermore, the price of red wheat at this big discount should make it a little more attractive in relation to other varieties which are bringing premiums, and thus December wheat may still be worth a good premium over the later months.

As far as farm legislation is concerned, the President has intervened, stating his position, and apparently he is in favor either of the Brannan Plan or continuation of the 90% parity loans. A certain group of Senators is opposed to both these measures, and seems to prefer a flexible program more in line with the Aiken Law already on the statutes. In our opinion there is quite a good chance that the Anderson Bill may have the approval of both houses, which in the final analysis is not much of a change from the 1948 Act passed by the 80th Congress, except in name, although it carries a somewhat higher percentage loan based on parity after next year. It looks quite certain as though a 90% loan with a lower parity computation will be approved for the basic crops next summer.

Primary receipts of wheat amounted to 1,403,000 bu compared with 1,933,000 bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 23,000 bu. Chicago contract stocks in state and federal elevators declined to 6.6 million bu from 7.3 million bu the week before, indicating, as we have written earlier, that we are losing some of the wheat that has accumulated here, but in spite of this fact December wheat is still not too strong in relation to March. As a matter of fact it is actually at a carrying charge of about 1¢ per bu. There seems to be a slight improvement in the milling trade, although hardly enough to be a factor, and we have not observed that many hedges have been taken out of the pit. Actual trade was very dull, and most of the business today was in beans. It seems the open interest in that cereal is going up almost daily. While the demand for meal is rather slow, there is no pressure on the market, and speculative enthusiasm continues to favor the constructive side of the market.

Corn was a little higher early, but best prices did not hold, and the December future rules about 4¢ below the May.

UHLMANN GRAIN CO.

[illegible] which had been reported over many parts of the [illegible]

[illegible] entirely the loss.

[illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 13, 1949

After the close of the market on Tuesday, the government published its report on crop production, and there were no changes for winter wheat, nor shall we have any new estimates until December. Spring wheat was cut a few million bushels but not enough to be of any great consequence. The corn crop, however, was reduced to 3,477 million bu compared with 3,525 million bu last month, and the ten-year average crop of 2,787 million bu. Thus we are still going to raise the second largest crop in history, the record having been established last season when 3,650 million bu had been raised. Most crop prospects were improved slightly or were maintained during September and only a few were adversely affected. As a result of this general and only slight improvement, the over-all crop production is now indicated at 131% of the 1923-32 base. There will be nearly 128 million tons of feed grains produced this past season, a quantity second only to the 137 million tons of last year. However, with the record carryover of corn and the relatively large reserves of oats, barley, and sorghums, feed supplies on farms will be the largest ever available in both total and quantity per animal unit.

The amount of corn back on farms is given at about 700 million bu, which might indicate a somewhat smaller reserve than had been expected earlier; yet nobody can be sure how much corn has been moved off the farms and into the new government bins. Therefore, until we get the total statistics it is not safe to count on a smaller carryover following last year's bumper crop. In any case, the present corn yield per acre is running 40 1/2 bu, and is likewise the second highest on record, only exceeded a year ago when we were producing 42.7 bu to the acre. Also, it should be remembered that the crop is maturing several weeks earlier than usual, and harvesting operations are progressing satisfactorily in nearly all parts of the country. Silo-filling is now excellently completed in all principal dairy areas. It was claimed in Iowa that corn-borer damage, together with the dry season, had contributed to a further decline in yields, and here lately the heavy winds caused sufficient damage so that there are going to be mechanical difficulties in harvesting, with quite a few stalks either having broken or were blown down. Consequently, it is impossible this early to predict whether harvesting losses may be heavier than usual, especially in the areas where corn borer-damage was greatest. A yield of 53 bu per acre is now expected for Iowa. Here in Illinois the indicated yield of 61 bu per acre is down somewhat from last month but still equals last year's record. Fairly good yields are also likely in Ohio, Michigan and Wisconsin, despite dry weather earlier in the season.

When our market opened this morning prices were not greatly changed from the previous session, although during our holiday, Winnipeg rye prices had gone into new high ground, but apparently this did not have much of an effect here. A better flour business had been reported, with hedges taken out of the pits at both Minneapolis and Chicago, but apparently selling was in sufficient volume to prevent much of an immediate upturn. It should be remembered that the spring wheat crop of 231 million bu is 22% less than the 298 million bu harvested in 1948, and 13% less than the average of 265 million bu. The yield of all spring wheat is 11.7 bu per acre, and is 4 bu less than last year, while the ten-year average was 15.4 bu. Thus it is not at all surprising that with the amount impounded in that territory, there was so little pressure on our market all during the season.

Primary receipts of wheat amounted to a little over a million bu, about the same as last week, and compared with somewhat over 2 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 13,000 bu.

Trade today was not particularly heavy. Around midsession hedges seemed to come into the bean market, and, of course, this is the time of year when accumulations are bound to take place. Reports from the Southwest indicated that processors were becoming indifferent, and that beans were actually hard to sell. This caused some liquidation particularly with one of the advisory agencies suggesting to their clients a sideline position.

Corn was also weaker, although to a lesser extent, but premiums for cash were decidedly lower, and apparently cash and futures are gradually coming closer together. Rye suffered rather sharp declines, and while selling was not heavy, this cereal seems to be neglected. A good many people are fearful that we might have to absorb quite a little Canadian rye which was contracted for before Canadian devaluation, although at present levels it does not look as though further potential imports would be on a profitable basis. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

October 14, 1949

The carryover feeling from yesterday was a little bearish, particularly with respect to corn and beans. Cash markets for both of those cereals yesterday had weakened, and the discount on beans was lower again this morning, indicating that for the time being processors were satisfied. Furthermore there were more hedges apparently to be placed, and at the moment it is very largely a question of timing as far as speculative transactions are concerned. We doubt whether anyone is looking for any severe declines in corn, yet it cannot be forgotten that even if the yields in Illinois and Iowa are somewhat lower than those estimated by the gover ment, there is bound to be some distressed corn which will have to be marketed. It is impossible for anybody to gage to what extent the new government bins are going to be constructed based on the first estimates. However, the steel strike makes it look very likely as though at least 20% of the structures would not be finished in time to take care of supplies which had been intended to relieve the amount of crib space on farms. Thus there is an involvement of perhaps 50 million bu. Moreover, we have pointed out for some time that Hybrid corn carries a higher moisture content than the open pollinated varieties. As a result, if the farmers wish to take care of their new corn there is still a chance that some of the old corn will gradually be marketed if there is a premium over the future. Spot corn bids early this morning were about 8¢ over although we heard earlier in the session that some dropped sharply to about 3¢ over.

As far as wheat was concerned, there was no special early feature. CCC bought nothing yesterday as far as we can tell. Therefore, the situation is far different from last year when there was aggressive buying by the government, with the result that the nearby future was commanding a big premium over the later months. We still believe that at the present rate of exportations,(although we have no figures beyond the first two months of the season) that for the first half of the crop year about 200 million bu may be shipped. This would not leave too much of a surplus which the government has on hand after January 1st. Therefore, if they are at all concerned over early commitments to clear some where from 400 to 500 million bu for the entire season, they may have to step into the market before too long in order to replenish supplies which will gradually diminish.

The CCC furnished some estimates today in connection with the governmen price support activities. As of October 10th their wheat inventory consisted of 192 million bu, costing them $455 million, they owned 75 million bu of corn, which cost $132 million. It was also estimated that as a result of increased support programs, the gross value of the commodities owned by CCC next June 30th would be approximately $2.1 billion, compared with a little over $1 billion previously estimated. It is difficult for the average person to comprehend the magnitude of their operations, because in addition to the ownership of cotton, linseed oil, flax seed, etc, the corporation also holds large quantities of butter, dried milk, eggs, wool, rosin, barley, beans, and grain sorghums - certainly quite a commitment even for a government like ours with its vast resources.

Primary receipts of wheat amounted today to a little over one million bu, not much change from last week, and this compared with 1,784,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 191,000 bu. When the wheat visible supply is posted on Monday it will compare with a decrease last year of about 1 million bu.

Late in the session some selling came into the wheat pit, after a three hour conference between Senators and Representatives failed to settle the deadlock over the farm bill. There was probably some selling also because of the fact that the government showed 192 million bu of wheat on hand as of October 10th, which was a somewhat larger quantity than had been estimated privately.

There were reports from Australia that rains this week had improved the outlook in the South, but moisture remains insufficient over the West; the overall outlook is not as good as it was a few weeks ago whenofficials were looking for a tentative crop of 200 million bu.

There was pressure in corn, not so many hedges, but local selling, which found new buyers scarce. Trade on the whole was rather good.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 17, 1949.

We mentioned some time ago in one of our Market Letters that the per capita consumption of wheat had declined steadily the past forty years during the time when our population was increasing. The result has been that the domestic wheat disappearance is hardly bigger now than it was in 1909 when there were only 92 million people in this country against 147 million persons at the present time. It seems that the American diet has undergone quite a change in many ways, and not only has the bread consumption gone down but other starchy foods such as potatoes have likewise been subjected to the same decline; for example, in 1909 every man, woman, and child in this country was consuming on an average 193 pounds of potatoes while last year the per capita consumption had dropped to 108 pounds. That was the smallest figure in history and was rather a sharp decline from the war year when we were consuming about 130 pounds of potatoes per person probably for the reason that there were shortages of meats that had been rationed. In any case, people seem to be watching their diets more carefully, and on the whole, may either be eating a little less or else the change could be attributed to the fact that we are now raising more and better vegetables, which through canning and freezing operations, are made available to the people throughout the year. The most amazing decline in our consumption has really be in rye, where less than 5 1/2 million bu was consumed for bread last year compared with about 475 million bu of wheat, also indicating a strong preference for the leading cereal, and quite different from the habits of so many European countries.

When our market opened this morning, there was not much news except reports from Washington that the compromise on farm legislation which had been hoped for Saturday failed to materialize, and apparently the conferees are still at odds with respect to a long-time program. There are so many who fear that continuation of the 90% loans would be responsible for the building up of burdensome surpluses that there is still a chance that either the Aiken Bill will become operative after the first of the year, or that the Anderson compromise measure may receive the approbation of both houses before adjournment which is expected some time this week.

Beans were somewhat lower at the start on news that the processors were not at all keen about re-entering the market, while some shippers were inquiring for bids. Nevertheless, the harvest movement in Illinois is about over. Processors in the past years have found that they have to take advantage of the seasonal conditions to acquire stocks, and we believe that a little later there will be a strong holding tendency on part of the farmers who still remember what happened in July of this year when the market was bid up sharply. We are consuming about 15 million bu per month, and so even with the large crop and small carryover it will not take too long to eat into our reserves, but for the time being it might be different. Corn receipts were not burdensome. The estimated cars of 394 included 66 belonging to the CCC, and yet it is very early to expect a big run of corn at terminals except for the fact that the crop matured several weeks ahead of schedule. Most sections of the country up to now have not had a killing frost.

The wheat visible showed a decrease of 2 1/4 million bu, total stocks are 224 1/2 million bu in all positions compared to 166.8 million bu last year, at which time Enid was not included in the statistics. Chicago wheat stocks decreased 408,000 bu leaving 14 million bu in this market. The decrease was a little less than had been expected, owing to the fact that more than one million bu had been shipped out. Local corn stocks increased 435,000 bu and bean stocks increased 425,000 bu.

Trade was not particularly heavy, milling demand is poor, and sales are less than half the capacity. Moreover, there is some discouragement because of the fact that House and Senate conferees had failed to reach an agreement this morning. There has been some discussion of holding the Anderson Bill in abeyance for three years, and in the interim having 90% parity loans, but nothing at all conclusive yet.

Corn held pretty well, oats were indifferent, and it looks as though we are going to have quite a few oat imports from Canada, particularly in the Eastern part of the country where they seem to be on a full shipping difference, and somewhat cheaper than if they originated at Chicago. Naturally the discount of Canadian funds is having an influence on oats as well as on rye.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 18, 1949

Washington news showed considerable unsettlement insofar as overnight developments were concerned. No agreement had been reached on farm legislation by the conferees, and for a time it looked doubtful as to whether a compromise might be worked out. Under those circumstances, the Aiken Law would have become operative next January, and it was also mentioned that Congress was anxious to adjourn with quite a few Senators already on their way home, so that there might be difficulty in even getting a quorum in the event it were needed to clear up minor differences. On the possibility that the Aiken Law might prevail, first prices were somewhat lower, and we doubt whether many people have too much information on its effect pricewise because there are so many ''ifs'' and ''ands'' in the original draft. Furthermore, there is considerable latitude given the Secretary of Agriculture who has to make many assumptions before he can come to a determination. For example, he has to estimate domestic consumption for the previous year before the final figures are published. That in itself is not so difficult, as disappearance is running at about 700 million bu per year, including feed, seed, etc. From there on it behooves him to forecast what the exports may be for the following season, and so much depends on international factors, foreign crops, etc., that there is quite a chance for error, as appears to be the case now with our clearances running below the rate of 450 million bu for the full year, the latter having been a tentative estimat some months back. We shall not go too much into this statistical data for the time being, as obviously there are so many ways of making computations. However, the trade finds it most difficult to operate with all these uncertainties, and activity in the different markets is almost at low ebb, with probably the same sentiment prevailing among consumers until they can see the future more clearly. There is some chance of PMA business developing by tomorrow, but as yet no anticipated hedges are being taken from the pit. Meanwhile, domestic flour business is still very quiet, and much of the buying seems to continue from hand to mouth.

When our market opened this morning soybeans were considerably lower, and, of course, there is a very large open interest in this cereal, so that liquidation is possible from time to time, but yet the price is under loan levels, thus no drastic breaks appear likely. On the other hand, the cash market has been somewhat weake and processors seem quite indifferent, with the result that elevators may be able to lay in supplies for delivery purposes, which for the time being is creating a little more bearish sentiment.

Primary receipts of wheat were 1 1/2 million bu, a slight increase over last week against 2,341,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 30,000 bu. Contract stocks of wheat in Chicago are 6.3 million bu compared with 6.5 million bu a year ago, indicating a very small decrease for the period.

For a good part of the session markets were extremely dull; nobody would venture far from base. After that, the House and Senate Conferees had apparently agreed on a new farm price support bill, which would give basic commoditie 90% of parity loans for the coming year. For 1951, support for these commodities would range from 80 to 90% of parity; for the following year, support would fluctuate between 75 and 90%. There are a good many phases to this legislation which we have not been able to study at this early date, but we gather that the Secretary is empowered to use a parity formula for each commodity that would give it the highest price, which is to say that either the old parity formula might be used in some instances, or the newer computation, including farm labor, might be adopted for some other commodities, thus indicating that everything is being attempted to enourage farmers to get the highest price possible.

The market naturally reacted quickly to this news, but until there is assurance that it will be acceptable to both Houses and signed by the President, there are naturally some doubts and some uncertainties which will have to be watched.

Another important provision of the Bill was that the government could not dispose of non-perishable commodities at a price less than 5% above the current support price, plus reasonable carrying charges. This feature, we believe, like in eggs, might pile up surpluses subject to spoilage or deterioration.

Other news did not count for much, which is quite natural as all eyes had been focused on Washington developments, and it was the main inspiration during today's trading session.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 19, 1949.

For more than six months farm legislation has been debated by both House and Senate. While a good many of our legislators were apparently opposed to the Aiken Law, there was pretty general assent that artificially high prices would only contribute to the building up of surpluses, although strangely enough, the Gore Bill passed by the House was for continuation of the 90% of parity loans for another year, apparently hopeful that permanent legislation might be enacted later on that would be more in the interest of our national economy. The Senate had passed the Anderson Bill, which was a modification of the Aiken Law, although in a general way it recognized the advisability of flexible supports. It seems a strange travesty that at the last minute again, with Congress anxious to go home, we should now have a Farm Bill proposed which ignores many of the warnings that had been made both officially and unofficially with respect to the inherent danger of keeping prices on an inflated basis. Dr.Edwin G. Nourse, the number one economic adviser, who will probably retire from his post November 1st, had this to say: " I am also uneasy when I see farmers demanding stimulative prices while the government accumulates gigantic farm surpluses and pays subsidies out of federal deficits. If we are to maintain the march of economic progress, we must, in private business and politics, display industry and prudence. We must recognize that we can't get more out of the economic system than we put into it. Monetary and fiscal tricks have no power of magic, but are a slippery road to misery." Nevertheless, we must be realistic in facing the future and recognize that every consideration has been given the producer in the hope of keeping agricultural prices at a high level. The new law specifies that basic commodities shall receive price support for the next four years on the basis of either the current parity formula or the Anderson-Aiken formula comtained in the Anderson Bill with the higher of the two prevailing. This compromise means that on basis of September 15th parity figures, the price support on the farm for wheat next year will be $1.926 a bu, $1.40 a bu for corn, and 27¢ a lb for cotton.

The trade accepted all this news in a rather bullish vein with the result that July wheat this morning sold at a new high, and, of course, it has the additional attraction of being at such a big discount under the nearby months, plus the fact that acreage will undoubtedly be decreased, and there is no assurance yet that we are going to have another bumper crop in 1950 under these conditions. Other legislation about to be passed at the last moment provides a subsidy which will make the ECA nations eligible for our wheat under the International Wheat Agreement. Up to this time those countries were excluded and it may have been the reason that CCC has been so completely indifferent with respect to its purchases of red wheat. The change may be the forerunner of heavier purchases, and thus we should not be surprised to see Chicago gradually come more into relation with outside markets, whichhave been comparatively more stable.

Broomhall reports that additional rains over Western Europe have improved soil conditions, while at the same time permitting continuation of farm work, although some sections are in need of more moisture. Actually further rains will be beneficial in the central sections, but meanwhile U.K. rainfall has been very favorable. Conditions are also very satisfactory in Italy, but work was held up in southern areas by recent flooding. The Soviet Union stresses a big crop, but no indication as to size or prospective surpluses. News from Australia is a little on the pessimistic side, and from official sources we hear that the indicated wheat crop is 180 million bu compared with 200 million bu earlier, while some trade estimates have run as low as 160 million bu vs. 191 million bu last season. The Argentine wheat crop is making satisfactory progress, aided by fairly regular moisture.

Primary receipts of wheat amounted to only 485,000 bu; there was aholiday last week, and a year ago receipts were 547,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 104,000 bu.

There was quite a little enthusiasm in the market early because of Washington action, although just while writing this letter the House and Senate are considering the recommendation of the Conferees. There seems to be little doubt but that farm supports will be enacted according to outline which was mentioned in our yesterday's letter. However, until this last factor is settled there seems to be some uncertainty, and on bulges there wasprofit-taking, although the deferred deliveries of wheat were the strongest and gained considerable ground.

Soybeans were also strong, although there were some late reactions.There was export business in corn.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

October 20, 1949

We have before us the Conference Report which accompanied HR Bill #5345, better known as the Agricultural Act of 1949, which was adopted in a matter of hours yesterday by both House and Senate. The latter accepted this report with only seven dissenting votes, and as we study the report it is inconceivable to us that very many Senators could have digested the import of something this complicated in so short a time unless they had been thorough students of agricultural conditions prior to their action and had been fully familiar with the many intricacies involved. As we understand it, even officials of the Department of Agriculture will have to study the various provisions arduously before they can put the program into effect, provided, of course, it is finally signed by the President, and there seems little doubt on that score.

As we give this new legislation cursory examination, we find tremendous leeway given to the Secretary of Agriculture in many ways. For example, the allowance for carryover will be the average of that commodity for the five marketing years immediately preceding the period in which such normal supply is determined, adjusted for surpluses or deficiencies caused by abnormal conditions, changes in marketing conditions, or the operation of any agricultural program. However, in determining normal supply, the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary. Thus the law does not spell out too carefully how this legislation shall operate. Furthermore, taking into account total supply equal to the normal supply under the Aiken Law loans would have been only 75% of parity, but under the new law under such conditions, the loan would be 90% of parity, and for the first four years the old parity formula will be used, provided it is more favorable than the other one. However, new parity formulas for beans and non-basic commodities shall be used because it benefits producers to a greater extent. So it is quite obvious that the writers of this legislation were intent on doing everything to bring about a high scale of prices. As we pointed out the other day, Commodity Credit Corporation shall not sell any basic agricultural commodity or storable non-basic commodity at less than 5% above the current support price for such commodity, plus reasonable charges. There are a number of exceptions; for example, sales for export may be made and thus the foreign price might be considerably cheaper than the domestic.

In any event trade construed all the news in a bullish vein, and there seems little doubt that we shall have artificial tendencies for some time to come. But the one hope is that we are not going to build up surpluses that will be too burdensome, and possibly acreage cuts will be some help in that direction. While the supply of corn, including the big carryover, is tremendous, feeding operations are also on a vast scale, so that our domestic consumption is apt to be large. The feeding ratio at the moment is most satisfactory. The Chicago corn-hog ratio this week amounted to 14.5 compared with 13.4 lastweek and 15.9 a year ago.

Primary receipts of wheat were 1,047,000 bu compared with practically the same amount last week and 2,731,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 190,000 bu.

A good deal of the market activity came during the early part of the session; later on there was some profit-taking in wheat, and, of course, with the domestic milling business from hand to mouth it was rather difficult to expect much help from that source, particularly as the volume is disappointing. According to the Southwestern Miller it ran from 35 to 40% of mill capacity. Moreover, the government is hardly making any purchases, and while they are recording offerings all the time it is meaningless with so little business done. However, the demand for cash wheat in outside markets was rather firm, and there seems to be no pressure. Therefore, with any improved business, either domestic or foreign, we might easily see advances scored in the market.

Beans were quite strong early, but yielded ground, and it seems that nearly all processors are shying away from offerings involving early shipment; they were, however, taking later positions. We hardly expect that the country movement will continue heavy.

Corn was quite firm. Carlot receipts at Chicago were estimated at 325 cars, including 31 for Commodity, but the cash trading basis, however, was a little lower. Oats continued strong.

UHLMANN GRAIN CO.

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CHICAGO, 4 Oct. 21, 1949.

Several months have passed since the International Wheat Agreement was adopted by the various importing and exporting nations, and as we review the progress that has been made, we find that for one or more reasons the results had not been nearly as satisfactory as many of the sponsors had hoped for. Here at home there were obstacles for selling under IWA to ECA countries, and we believe that those difficulties have been remedied, but probably of greater importance was currency devaluation in so many European countries, which we think will be a bigger hurdle to overcome. Assuming that all the countries originally interested in the deal will ratify the pact, there is a provision that the United States, Canada, Australia, Uruguay, and France will ship 456 million bu to those importing nations at prices varying from a maximum of 180 Canadian cents a bu to a minimum of 150¢, basis No. 1 Northern Manitoba, Fort William. Since Canada has assumed that this was all based on her old monetary values, it would mean a price of 198¢ and 165¢ on today's exchange. The big "fly in the ointment" is that there is no guarantee that all the importing countries will take up their quotas, and as we have mentioned before, if any of these nations feel or claim that it might cause their own currencies to deteriorate, it would be sufficient reason to relieve them of their contractual liability.

As Broomhall points out, the maximum IWA prices are substantially below those quoted on the free market, and one naturally assumes that while this relationship exists importers will take up their full quotas. But on the other hand 82% of the wheat to be shipped under IWA is "dollar" wheat and many importers would now have to pay 30 to 43% more for such wheat in terms of their own currencies. Naturally any wheat that we sell under the Marshall Plan or give away would not come under this category, but contrariwise, devaluation has made it more tempting to barter commodities than to continue monetary payments. This is true because dollar prices for grain have not come down as they would have done under free market conditions. Apparently they will not decline very much as long as we continue high supports under our new farm legislation. Again as Broomhall points out, it should be no surprise if importers would seek a larger proportion of their wheat from non-dollar countries and would pay for such wheat in barter trade or compensation.

There was not much news before our market opened, but some good rains were reported in the Southwest; asmuch as 1 1/2 inches at Parsons, Kansas, the same at Topeka, and to a lesser degree quite a little precipitation in other areas. The corn belt also had some hard rains, particularly Illinois, which may delay the movement, although neither of these factors had much of an effect marketwise.

Primary receipts of wheat amounted to somewhat over 1 million bu, slightly better than last week, and this compared with 1,655,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 291,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage of 1.7 million bu last year.

Trade was extremely moderate, there was a little activity after the opening, but milling demand is still poor, and there seems to be no great chance for improvement, at least for domestic position, although foreign business is likely to enlarge if either Cuba ratifies the International Wheat Agreement, or some of the ECA countries take advantage of the recent benefits conferred upon them. We doubt whether it would take much new business to stimulate the market, and even today December wheat was rather firm largely due to the fact that there is so little pressure from any source.

Soybeans were rather firm at the start, but later on there was some liquidation when one of the eastern agencies advised clients to take a short position. The cash beans are still weak, and processors are not in the market, so that further recessions may be witnessed, but we believe this is more or less temporary.

Corn was also a little reactinnary, but oats were firm. There is such a small oat movement to market, and the estimated carlot receipts for Chicago were only 9 cars. The nearby position continues strong, and we would not be surprised to see this continue.

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CHICAGO, 4 October 24, 1949

We are strongly convinced that ECA countries, which are now entitled to buy wheat under the IWA agreement, will become more important in facilitating our exports. This has been quite a handicap up to the present time and may accoant for the fact that since August 1st less than 12 million bu has been shipped from this country. To give an example of where this wheat has gone, we find that a little less than 3 1/2 million bu has gone to Belgium and her Colonies, about a million bu was destined for Mexico, Peru took slightly over 1 million bu, while 2.6 million bu cleared for Portugal and Portuguese Colonies. The balance was pretty well split up amongst some of the smaller countries, but, of course, we have to depend more on the larger importing countries, if we are going to clear anything like the 400 to 450 million bu which the government claimed would be the program early this season. Apparently there are others who feel quite the same way as we do, and the writer spoke to a leading grain man from the Southwest who held this same view. We note also that two eminent economists in the East feel that the United States will have to provide at least 45% of the wheat in world trade next year. They predicted that we would ship about 400 million bu in 1949-50 compared with 500 million bu, which was 55% of the world trade in 1948-49. It was pointed out that shipments of 395 million bu last year went to the occupied zones and ECA countries. Thus the appropriation decision recently reached by our Senate is highly important in furthering our export program, because so many of these nations will again need wheat and dollars are extremely important, especially since devaluation has taken place, which for cash purchases means that it requires more foreign money to obtain the necessary dollar exchange.

Mr. Hirsch and his wife, both co-writers and students in this field, point out that the main hindrance which did not permit ECA countries to avail themselves of a lower price is now overcome. While the permissive legislation is awaiting the President's approval, there seems little doubt that he will affix his signature before long. In that way a subsidy of about 40¢ per bu under domestic price is bound to be a factor. The conclusion reached is that U.S. exports have been delayed rather than halted.

When our market opened this morning, it was influenced by rather substantial moisture in the Southwest, also reports from Iowa that the corn borer had apparently done more damage than was generally recognized. We have known for some time that weakness which developed in the stalk from this disease would make mechanical picking more difficult, but at the same time it remains a question as to whether much corn will actually be lost because even if labor is not available, a good many hogs will probably enter the fields and thus consume the ears which cannot be hand-picked owing to the expense or labor shortage.

Chicago wheat stocks decreased 363,000 bu despite inactivity in government buying, leaving 13.6 million bu in this market. Corn increased 1 1/4 million bu, and rye decreased 73,000 bu, but the bonded stocks went up over half a million bu compared with nothing last week, probably imports being kept in bond at least for the time being because once duty is paid, exports would become more difficult.

Visible supply of wheat decreased 6 million bu. This leaves the total at 218.4 million bu, or 53 1/4 million bu more than last year. Corn visible increased nearly 4 million bu, bringing the stock up to 16.4 million compared with only a little over 2 million last year. Oat stocks decreased 748,000 bu.

Trade was not particularly heavy, but there was a good undertone in the wheat market, and prices were higher, despite some profit-taking. We believe it is generally felt that government exports are going to pick up, and since red wheat is still the cheapest it seems likely that more attention will be given it when new purchases are made. In the Southwest premiums were somewhat easier. According to the Southwestern Miller two chain bakers were inquiring for supplies, but on the whole flour business was rather dull. There was a little friendlier feeling in beans, despite a bearish view taken by one of the advisory agencies. It seems that processor are more in the market for nearby supplies, which lent some strength to the market.

Corn also did better and responded to the pessimistic reports of the corn-borer damage in Iowa.

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CHICAGO, 4

October 25, 1949

Toward the close of the market yesterday, some wheat hedges had been taken out of the pit, and there were more this morning, all of which contributed to a higher market. Believe this was largely against a million bu that had been sold to Mexico. It shows the importance of export sales, and no doubt ECA countries, which have not submitted to any heavy buying up to this time, will come into the market on a bigger scale as soon as the President signs the Appropriations Bill, whereby those nations can avail themselves of the subsidy, which means a saving to most countries of about 40¢ a bu. This may all take time for the reason that government stocks were somewhat larger than most people had recognized, and of the carryover of 293 million bu on July 1st, they held about 232 million bu, much of this grain having been acquired through defaulted loan contracts. We note, for example, that in April of this year they held only 46.7 million bu; in May the holdings had advanced to slightly over 200 million bu, and by the time purchase agreements fell due they reached a high of 232 1/4 million bu, probably more than they had for several years. This undoubtedly was one of the factors that gave them courage to keep their purchases down to such small proportions. We find after some slight revisions made by the Department that total wheat purchases since July 1st have amounted to 38.5 million bu and flour on basis of wheat equivalent, 2.5 million bu, or a total of 41 million bu. Purchases of other grains have been small, only about a million bu sorghums, 1 3/4 million bu rye, a few other items bring the grand total up to about 44 million bu. This, of course, includes the various West Coast purchases as well and is quite a reduction from the program a year earlier.

The government also furnished some figures showing stocks of wheat and rye on hand October 1st. On viewing the figure of 1,128 million bu wheat stored in all positions, it naturally impressed most people as a tremendous quantity. First of all, because it was virtually equivalent to the 1949 production. There was 460 million bu left on farms, 265 million bu in interior mills and elevators, and 133 million bu held by merchant mills. Besides there was 261 million bu figured in the commercial stock, and over 9 million bu owned by CCC in transit or in storage under government control. Other CCC-owned wheat is included in the estimates by positions. Further analysis showed that the 668 million bu in off-farm positions was the largest since October 1, 1942, and compared with 603 million bu a year earlier, 518 million bu two years ago, and 398 million bu in 1946. However, our domestic disappearance was nearly 20 million bu more in the quarter than a year ago, although this may not be 100% accurate because there may be some changes in crop estimates, and very often discrepancies are equalized to a greater extent over a six months' period. Rye stocks of 18 1/4 million bu were smaller than in five of the previous six years of comparable record. Current stocks indicate disappearance of nearly 9 million bu from the July 1st supply compared with 5.8 to 8.1 million bu in similar period during the past three years.

Primary receipts of wheat amounted to 1,382,000 bu compared with 1,523,000 bu last week and 2,343,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 160,000 bu.

Markets were reasonably firm although there seemed to be some profit-taking in wheat and we must recognize that until the government comes into the market to take some of the red wheat which has been a burden that we can hardly expect any great strength in the nearby deliveries. As a matter of fact, red wheat is still selling at a big discount under the futures and there is some possibility that tenders will be made on December contracts unless there is some improvement during the coming weeks. In any case, the oat market was quite strong and there seems to be no pressure from the country. Beans also held relatively well and there was moderate buying in corn, all of which indicated that even though there are heavy stocks of grain throughout the country, that the farmer is more or less in a waiting mood, and, under these circumstances, it is hardly likely to expect declines of any consequence. We hear quite often some people are acting cautiously in beans because of the large open interest. We think, however, that part of this at least is spreading between various delivery months, and while it is true that the processors have good stocks which are hedged, we feel that most of this grain was purchased with the idea of processing it and, therefore, we see no great danger ahead.

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CHICAGO, 4

October 26, 1949

Frosts were reported over a good many sections of the corn belt but came later than usual, and if anything, will help to cure the crop, thus making it more merchantable. However, this was not much of a market factor any more than the recent rains in the Southwest, which have probably gotten winter wheat off to a better start than if dry weather had prevailed.

It seems that fluctuations are within a narrow limit, and as we look back upon quotations for the past few months, there has not been a large range, although prices at Chicago have remained below loan levels, largely due to pressure of red wheat, while in Kansas City and Minneapolis a more satisfactory condition has prevailed. Because of that it is more difficult to forecast whether impoundings will finally be as heavy as we had predicted earlier in the season. We are told from time to time that a little more wheat is being offered from first hands, but as an offset to this there was somewhat better buying in the Kansas City market, presumably by mills, and while volume was not large it undoubtedly reflected new flour business. After hedges were covered yesterday against Mexican business, prices reacted, and it shows that minor influences are being more carefully watched, and probably have had more than the usual effect as compared with times when we have free markets without so many artificial influences.

The Farm Bill assures 90% parity loans for next season; with a smaller acreage, even granting that wheat has gotten off to a good start, there is no assurance that we are going to have another bumper yield in the summer of 1950. Likewise it is difficult to figure out what the carryover will be next July for the reason that there is a wide difference of opinion as to how much wheat is being exported from last summer's crop. It is our own thought that as soon as all formalities are settled ECA countries will come for their supplies on a much bigger scale. While it is common practice under ordinary conditions to have the largest foreign business handled the first three months of the crop-season, with about 70% of our shipments cleared between July and end of December, we can see the possibility of export trading being more evenly distributed, and actually increasing during the coming months, all of which should finally bring the government back into the market in a more aggressive way. Spreaders have no confidence as to whether the improvement will come before the first of the year. Consequently the outcome of December wheat is still left in doubt.

Secretary Brannan, in his speech this morning at Kansas City, pointed out that our farms now produce 40% more than in the years just before the war, and that our productive expansion is by no means completed. He said, "we need markets for prosperity -- secure and expanding markets." This is certainly good news to the grain trade, and we are certain that any possible cooperation he needs will be rendered by those who believe in the system of free enterprise, with as few controls as are absolutely necessary to bring about best results.

There was a dispatch from New York stating that India had agreed to try to work out an $80 million barter agreement with this country under the terms of which India would get a million tons of our wheat in return for strategic materials.

Broomhall tells us that seeding is active over most of the European Continent with soil conditions satisfactory in most areas, although additional moisture will be welcome, particularly in the central sections. The United Kingdom has now had abundant rains, while France reports satisfactory progress as far as seedings are concerned.

Primary receipts of wheat were small today, and amounted to only 504,000 bu compared with 485,000 bu last week, and 791,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 334,000 bu.

Trade in the various pits seem to be more moderate, and while there were some hedges taken out early against flour business, the market did not seem to hold. We have the feeling that until there is improvement in the red wheat situation that sustained strength is unlikely -- at least, a big bull market cannot be had without some help from heavier exports.

Corn seemed to do quite well early, and there was investment buying, together with short covering, although last prices were a little influenced by weakness in beans and in wheat. Everybody is waiting to see what will happen after pressure subsides. For the moment processors are not too anxious to buy beans; there is talk that several of the elevators are going to deliver on November contract. It is still very early in the season, and it is going to take some time yet before we eat into our reserves.

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October 27, 1949

The U. S. Department of Agriculture in a recent publication on the farm-costs situation forecasts the outlook for 1950. According to their statistics in 1948-49, the index of farm prices declined 34 points compared with a decline of only 7 points for cost rates. Further declines are anticipated in 1950, with prices received receding again somewhat more than those paid. Some of the outstanding items are as follows: farm machinery, seed, and equipment supplies continued to rise during 1949. Prices on fertilizers averaged higher than in 1948 but farm wages and prices paid for building materials and feeds declined. The index of prices of crops and of livestock and livestock products both declined, and in about the same proportion. Lower prices for roughages and grains mean lower cost rates to the farmer who sells cash crops, but conversely, lower cash costs to the farmer who must purchase same. Declining prices of farm products and comparatively high cost rates resulting in higher operating costs in 1949 are definitely lowering farmers' net returns. Despite this, taking the country as a whole, producers' net returns are expected to average around three times that of the prewar period, with the extent of the decline depending on the type of farm and the area.

Farm wages are averaging slightly less than a year ago. The levelling off of industrial employment, with supply of workers available in 1950, is expected to be slightly greater and wage rates slightly lower than for the present year. In 1949, farm machinery was at the highest price on record, but plant capacity has been expanded and dealers' stocks of both new and used machinery will be greater than any year since 1941. This seems to indicate the end of the seller's market. The cost of using mechanical power because of higher fuels, and repairs and replacements have also reached new high levels. The feed supply is the largest on record, and it is anticipated that consuming livestock will be 2 to 3% larger. The price index of livestock and its products has gone down about 20% from the high reached in August a year ago, but feed costs have declined to a more marked extent, with the consequence that it should pay to fatten livestock this fall and winter.

The Agency's forecast also states that the cost of fertilizer has risen but was slightly lower this fall and not much change is looked for in 1950, when supplies of materials will be larger, such as an increase in nitrogen, phosphates, and potash. Building materials remained high for most items; cement prices have increased 4 to 5% but lumber prices are down. Present indications are for a continued increase of supplies from present levels. Insecticides and fungicides may have some local shortages but generally are ample to meet normal requirements. Land values and gross rentals in 1949 declined for the first time in more than a decade; nevertheless, returns to owners remained at relatively high levels in 1949.

There was nothing in the overnight news to affect the wheat market. The CCC seems to only be recording offers today, and flour inquiry was again rather slow. A group of Kansas field men, meeting with PMA, estimated that local compliance with acreage allotments is higher than at first anticipated. Official allocation is 13,800,000 acres compared with 15,805,000 seeded in 1948. The Oklahoma Weekly Crop Bulletin reports that wheat planting will be completed in the extreme southwestern counties as soon as field work can be resumed, and in other areas it is almost completed. Broomhall estimates that export shipment of wheat and flour, as expressed in wheat equivalent, from the United States totaled 5,190,000 bu for last week, bringing the total since July 1st to 108 1/2 million bu.

The main influence in the markets today was the weakness expressed in beans. Cash prices were again lower, soybean oil was slightly weaker than yesterday, and meal also showed a decline. The open interest yesterday in beans went up almost 2 million bu, and now totals approximately 73 million bu. While a goodly portion of this open interest can be accounted for by hedgers and spreaders, there undoubtedly is a rather tired out long interest. How far liquidation will have to proceed is difficult to guess, although we still believe that the long-time picture is more friendly.

There is a possibility of a longshoremen's strike, which might tie up all gulf ports with the exception of New Orleans. Naturally anything that influences the shipping program will eventually mean that much less exported.

Primary receipts of wheat today totaled 685,000 bu compared with 1,047,000 bu last week, and 1,281,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 587,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 28, 1949

The USDA has issued figures showing that, as of September 30th, approximately 248,600,000 bu wheat had been impounded under the 1949 loan program. This is the largest amount for the corresponding date for any year since loan programs have been inaugurated. Last year at this time impoundings were 167 million, reaching the final figure at the end of the impounding period of 364 million bu. The largest impoundings occurred in the 1942 season, when final figures reached 408 million bu, but on September 30th of that year, only 197 million had been placed under loans. We are giving below comparable figures for each year from 1938 to 1949:

TOTAL ABOUT SEPTEMBER 30th		(Million Bushels) TOTAL UNDER SUPPORT ON CROP
1949	248	-
1948	167	364
1947	20	29
1946	9	21
1945	47	59
1944	107	180
1943	77	130
1942	197	408
1941	239	366
1940	177	278
1939	123	167
1938	15	85

Using the figures of 1,126 million bu for the present crop, and adding the carryover of 293 million, as of July 1, 1949, we started the season with total supplies of 1,419 million. Taking domestic disappearance for food, feed, and other home requirements of 700 million, and exports of 400 million, (although the government goal is about 450 million) it would leave a probable carryover on June 30, 1950 of 319 million bu, or only 71 million larger than present impoundings. What will happen during the remainder of the period in which loans may be made will, of course, depend on the price level. But unless the farmer receives higher prices for his cash wheat than now exist, it would appear very probable that very little free wheat will be available at the end of the crop-year, and that most of the carryover will be government-owned due to defaults; also, that as the season progresses it is reasonable to assume that a tight cash situation will exist, unless sufficient advances take place in either the base price or premiums.

There are very little hard winter wheat varieties available in the Southwest. The present surplus is in the red wheat district, and at least at the moment the CCC program is rather dormant. There are many in the trade who believe that even though there are fair stocks of red wheat East of Chicago, most of it would not grade No. 2 or better, and that if CCC resumes really active operation and persists in the policy of accepting only No. 2 wheat or better, they have to come to Chicago to satisfy any large requirements. However, whether this will take place in sufficient time to affect stocks in this market in December is a moot question, and December wheat in its relationship to the more distant futures is, therefore, a debatable question.

The Modern Miller reports that seeding of hard winter wheat is nearing completion in most sections, and that the seed is going into the ground with ample moisture; also, that the crop is making an excellent start with much acreage being pastured in Kansas and Nebraska.

While we have not seen a press dispatch it is reported that the President yesterday signed the International Wheat Agreement Subsidy Bill, thereby making ECA nations eligible to use the subsidy in the purchase of wheat or flour.

Primary receipts of wheat today totaled 937,000 bu vs. 1,110,000 a week ago and 1,499,000 the comparable day of last year. So far this week Kansas City and Minneapolis stocks of wheat show a net decrease of 835,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 4,138,000 bu.

After being weak for a good part of the session, based on wider discounts for cash soybeans and corn, our grains firmed up shortly before the close when moderate buying appeared. Delivery day on November soybeans is just a few days off, and it is expected there will be some early tenders.

UHLMANN GRAIN CO.

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CHICAGO, 4

October 31, 1949

Friday afternoon it was announced that with the exception of occupied zones, Korea, Austria, Trieste, Greece, and China, the private trade would be permitted to engage in the exportation of wheat, flax, and soybeans after October 31st. This will also include the countries which are participating in the ECA programs. We hope that this is now a final restoration to the private trade of the three above-mentioned cereals, although last year after returning same the privilege was withdrawn shortly thereafter. We consider this a constructive move, although it is doubtful whether any large immediate business will develop. In the opinion of some exporters demand from Europe is almost nil; such countries as Italy have all storage facilities occupied, and furthermore under the IWA participating importers have a call on wheat at the guaranteed price, and consequently do not have to show the usual interest when markets are lagging. Undoubtedly if there were still not artificial situations inquiry for more deferred positions might be received, such as shipments in the spring via Montreal where freight to Europe probably figures about 4¢ less than from our own seaboard. At the moment it does not look as though anything but small quantities will be worked, and undoubtedly CCC has already thoroughly canvassed the importers.

We also received the end of last week more detailed figures on wheat pledged as of September 30th under the support plan, which included 18 million bu pledged in the area East of the Mississippi, of which approximately 4,900,000 was in Illinois. The four southwestern States: namely, Oklahoma, Nebraska, Kansas, and Texas, pledged 144 million under the loan, or an increase of 24 million during the 30-day period. We have been asked the question many times as to how much wheat in Chicago is held under the loan or eligible for loan on this crop. After trying to canvass the situation, we have come to the conclusion that there is approximately 2,300,000 bu in Chicago stocks either pledged or eligible. According to the USDA, the various foreign aid programs have been the most important factors in maintaining U.S. agricultural exports at a high level. For the first half of 1949, almost two-thirds of total agricultural exports were accounted for between ECA and Army aid for civilians in occupied zones. They accounted for three-fourths of the breadgrains exports, 85% of the feed grains, 70% of the cotton. In dollars agricultural products for the first six months of this year financed by ECA for use in Europe, China, and Korea, was $1,018 million; the Army zones accounted for $299 million, or a total of $1,317 million against a grand total exported of $2,029 million.

The Santa Fe Railway issued a very optimistic report on Kansas and Oklahoma For the former they list the wheat crop as a whole making excellent progress, and with the exception of several central areas, plenty of moisture has occurred to take the crop through the fall growing season. In the latter State recent rains gave wheat prospects a boost, and it is reported that fall crops are off to an excellent start. In the Texas Panhandle seeding has been about completed with wheat up to a good stand, and moisture supplies generally adequate to give late-planted fields the proper start.

The Kansas City Office of CCC reported 100,000 bu bought for the period ending Friday noon. All offices are still recording offers, but the program as a whole is rather inactive. It appears very much as though the strike of longshoremen along the gulf will take place. Shipments to Galveston and Houston are being curtailed and should the strike develop and last for any period of time, it will have an adverse effect on our ultimate export goal.

Primary receipts of wheat totaled 1,115,000 bu versus 1,023,000 bu last week, and 1,530,000 bu last year. When the visible was posted, wheat stocks showed a decrease of 4,417,000 bu, and now total 214,057,000 bu, or 53 million bu larger than a year ago, of which approximately half is accounted for by Enid stocks, which were not included a year ago. Chicago stocks of wheat decreased 806,000 bu, and now total 12,844,000 bu. Corn stocks increased 1,167,000 bu, leaving 5,096,000 bu in this market.

During the session there seemed to be more of a feeling expressed that there would be no wheat export business of consequence in the near future; therefore stocks might still be heavy in Chicago in December. The feeling seemed to gain ground that December would sell closer to the more deferred futures. The decline in meal prices has had an adverse effect on soybean processors, and there has even been some talk of plants closing due to the unfavorable conversion, particularly those of the expeller type.

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CHICAGO, 4 November 1, 1949

The possibility of doing any large export business in wheat for nearby shipment does not seem to be too hopeful. We understand that at least one official of the CCC has recently returned from a trip to Europe, and it is possible that due to his personal observations some of the recent statements have been issued. According to a Washington dispatch today officials admit that there can be no sales of wheat of any volume outside of the grain that is shipped to Germany and Japan. It is now contemplating a bid plan, whereby sales could be made lower than the present subsidy provides for which is at the maximum level of $1.80 for IWA countries. The plan might permit exporters to sell in competition with other surplus wheat countries by purchasing wheat from CCC stocks at reduced prices, or filling some orders from stocks bought on the domestic market and reimbursed by the government for the difference. At the moment the subsidy is running between 40 and 50¢ per bu, and apparently there is the feeling that larger subsidies might have to be forthcoming. When subsidies were first outlined, putting our wheat on the same basis as Canadian prices at Fort William, no thought was given to quality. In an open market No. 1 Manitoba from a milling quality is probably worth 8 to 10¢ more than our No. 2 hard winter, and certainly that much more than our No. 2 soft red wheat. This is another example of how competitive prices are better than rigid controls, and all factors are taken into consideration. Even though larger subsidies might be offered, it still is a question whether any unallocated Marshall Plan funds would still be available for further purchases of wheat during the present quarter.

Looking at the situation from a long-time view for the export of agricultural products from the United States, J. H. Richter, Head of the European Division of the Office of Foreign Agricultural Relations, delivered a talk at the annual Agricultural Conference being held in Washington. In part, he stated that our large agricultural exports since the war have depended to a very marked degree upon the financial aid extended to the importing countries, and he does not see any prospect for an easing of the so-called dollar shortage. The amount that this country can export will be in the main determined by the continued flow of American aid. He comments that the flow is now on the downgrade while agricultural production abroad is rising; therefore, the future seems to foreshadow a decline in foreign demand. He still feels that through this crop-year and the next exports will continue at a rather high level but lower than in the past season. Devaluation also will intensify the competitors facing American exporters.

CCC is still maintaining a rather dormant position,and at the present moment continues to record offers for red wheat only. In the Southwest they seem to be willing to pay 21 over Chicago December for No. 1 hard FOB vessels at Galveston but with the maximum price $2.33 1/2. The longshoremen's strike at the Gulf has been averted, and this will permit continuance of exports of wheat from those ports.

Primary receipts today totaled 1,541,000 bu compared with 1,382,000 bu last week. There were no figures for last year due to a holiday. So far this week Minneapolis and Kansas City stocks show a net decrease of 400,000 bu.

The main feature of our markets today was the weakness in December wheat during the major part of the session, which is no doubt an expression of some discouragement over the immediate export outlook. Red wheat is still the cheapest wheat in the U.S. and we have no doubt that it will finally find its way into commercial channels but the time element is the unpredictable part. We think that today's operation was more in the nature of liquidation rather than in spreading operations. Soybeans showed a recovery from the weakness of yesterday, but from what we gather, we think there may be a fair amount of beans again tendered after the close. Soybean meal continues to show weakness and quotations are again lower than on the previous day. Domestic flour business is very limited although there is some interest being expressed by chain bakers but the price is lower than current quotations. Generally speaking, new export business in flour is slack. Holland was expected to have entered the market but is postponing buying.

Offerings of new corn from the country today were not heavy. At the moment, there is a mixed feeling regarding this cereal. Undoubtedly the government will show some reduction in yields from the previous month due to damage from corn borer and storms but the crop will still be considered one of the bumper ones.

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CHICAGO, 4 November 2, 1949

Broomhall points out that the export demand for American flour is quite dead, although Italy is expected to enter the market in the near future. He further mentions that to the countries eligible under IWA 35 1/2 million bu wheat has so far been sold by Canada, the United States, and Australia. He further mentions the same as we have pointed out that the minimum price under the Wheat Pact is about 30¢ below the present asking price. While there are a number of countries which have not as yet taken advantage of present offerings, he feels that these nations are probably well provided and can wait for further concessions, possibly minimum prices. In other words importing nations know that they have a call on the wheat at the present offering price; therefore, they have nothing to gain by making future commitments, with the possibility of gaining quite a price concession.

Our own government agency is still extremely dormant. The local office of CCC bought only 5,937 bu wheat yesterday and this morning one of the spokesmen stated that they were not interested in buying cash wheat and were not even recording offerings. In Kansas City purchases as of Tuesday noon were 42,875 bu. Earlier in the session they were accepting offers at 21 over Chicago December FOB the gulf for shipments from November 2nd to November 6th, but later in the session they changed their ideas and were merely recording offers. This all gives a rather dismal outlook for any nearby export business.

According to a study by USDA there are significant trends in the average per capita consumption of selected foods by civilians in this country. The consumption of fruits and vegetables, dairy products, fats and oils has been increasing while consumption of grain products and potatoes has been decreasing. Food consumption per capita for 1950 is forecast at least as high as in 1949, with the possibility of some increase. They believe that consumer purchases of food will be encouraged next year by plentiful supplies and by slightly lower retail prices, which appear probable. As far as grains are concerned very large crops again this year will provide plentiful supplies of cereal products for food, record large feed supplies, and substantial quantities for export. Expressed in grain equivalent, domestic consumption of wheat,-flour and other wheat cereal products has decreased from a pre-war average during the years 1935-39 of 220 lbs. per capita to 196 lbs. in the 1948-49 period. On the other hand meats have increased from 126.2 lbs. the pre-war average, to 145.1 lbs. last year. In potatoes and sweet potatoes, which support programs have been rather costly, consumption has declined from a pre-war figure of 152.4 lbs. to 117.7 lbs. In looking at the world picture, the same agency reports that while food production during 1949-50 may be slightly smaller than a year earlier, carryover stocks of food are larger and much progress has been made in the rehabilitation of food distribution systems in many of the war devastated areas. An increase in the output of livestock products is in prospect. The food consumption in Europe improved significantly during the 1948-49 period, and this improvement is expected to be maintained.

Primary receipts of wheat today amounted to only 384,000 bu vs. 504,000 bu last week and 2,037,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 576,000 bu.

Again there was no overnight news of consequence. Reports from the winter wheat states are all on the favorable side, while crop reports from Nebraska state that corn dried rapidly during the dry weather of the past week, and that corn picking is making good progress. Excellent progress in harvesting corn is also mentioned in the Missouri report.

Receipts of corn in Chicago were rather light, but we understand that bids in St. Louis were somewhat lower today. The Agricultural Department intimates that the present plan calls for a reduction of 10 million acres in corn planting in order to prevent further surpluses, but decision is withheld as to what other quotas will be required. We do not remember any time when this cereal has been subject to marketing quotas.

The main feature of wheat was the relative strength at times of outside markets compared with Chicago; this is due in part to the tightness of cash wheat in the Southwest, as well as in the Northwest, and to the slowness in the decrease of red wheat in the district east of the Mississippi River. Statements emanating from Washington as to the immediate export business are pessimistic, and have somewhat dampened hopes that sufficient inroads would be made on the red wheat held in Chicago. Bean bids were somewhat better, but the by-products, as well as other fats and oils are still lagging; today lard sold at the same level as it did the date of Pearl Harbor

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CHICAGO, Nov. 3, 1949.

Broomhall in his European crop summary reports that moisture conditions are rather spotty, with some areas experiencing considerable rain recently, while others need additional moisture. However, as a whole sowing is now making satisfactory progress in most areas. In the United Kingdom recent rains held up fall planting but this has now been resumed and early-sown wheat has germinated satisfactorily. In France, widespread rains have improved soil conditions with some private sources estimating that the wheat crop this year was over 300 million bu, which is considerably higher than semi-official figures. In Germany work is proceeding, but rains would be beneficial. Italy has had abundant rain with some delay in seeding due to heavy moisture. South Africa has had a droughty condition, but as the report was being compiled rains were being received in many of the dry areas. Weather in the Argentine has been favorable with generous rainfall, and conditions in the wheat sections of Australia have been aided by timely rains, with crops making good progress.

We have from time to time tried to obtain figures on the split-up Commodity Credit's wheat stocks. We have in front of us some figures compiled as of October 21st, which we believe present fairly accurate information. As of that date, CCC owned approximately 188 million bu of the 1948 wheat crop, and we are tabulating below estimates of the probable quantities controlled by individual CCC Regional offices, as well as the total amount of wheat in corresponding areas off the farm:

	UNDER JURISDICTION OF CCC OFFICE 10/21/49	OFF-FARM OCTOBER 1st.
Chicago	45,000,000 bu	155 million (plus 6 million in Canada
Kansas City	93,000,000	307 " "
Portland	9,000,000	83 "
Minneapolis	40,000,000	100 "
San Francisco	143,000	12 "
Atlanta	248,000	2 "
New York	13,000	Included in Chicago
Others	--	9 million
TOTAL about	188,000,000	668 million plus 6 million

In addition to the above on October 1st there was 460 million bu wheat on farms in all states, which with the above would account for 1,128 million bu in all positions as of that date, as previously reported by USDA. If from the off-farm stocks we deduct the 188 million bu under CCC jurisdiction, it would leave approximately 480 million, and of this amount we would judge about 200 million probably to be under the new loan or purchase agreements. This would leave 280 million bu free wheat in warehouses. Of the 460 million wheat on farms, probably 48 million is either under loan or subject to purchase agreements, leaving a balance of 412 million bu. This would, therefore, leave stocks approximating 700 million free wheat part of which is also subject to loans at a later date.

The USDA survey of the 1950 outlook of fats and oils points out that prices of domestic fats and oils had declined an average of 40% from the postwar peak in January 1948 to September 1949, and they predict continued low prices in relation to the postwar peaks especially for lard, tallow, and grease. They forecast a relatively favorable long-term outlook for beans. In addition to expanding domestic uses of soybean oil and meal, exports of beans last year totaled between 22 to 23 million against 11 million bu from the 1939 crop, and it is expected that for the present season exports will again be in a high range.

Primary receipts of wheat today totaled 1,256,000 bu vs 685,000 bu last week, and 1,196,000 bu last year. So far this week Minneapolis and Kansas City stocks of wheat showed a net decrease of 905,000 bu.

News and incentives seem to be very much lacking, with no developments of any great portend. The CCC did not purchase any wheat at any of their offices yesterday, and today were only recording offers. Holland apparently is in the market for a substantial quantity of flour, and some business is now being booked for the Americas, while domestic trade remains slow. Corn seemed to come into the limelight today, with a more friendly feeling. Apparently corn is still wanted to fill earlier sales, but once these requirements have been filled, it might ease the cash demand, so would still assume a very cautious attitude toward this cereal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 4, 1949

Yesterday, representatives of the flour industry and the export grain trade met with authorities of the Department of Agriculture evidently to discuss a "bid" subsidy method for sales under the International Wheat Agreement. From what we gather, the grain trade and the flour trade differ in their ideas. Apparently exporters are in favor of a form of sliding subsidy with the exporter going long or short subsidies very much similar to the way they used to go long and short premiums. In other words, as we understand the proposals, exporters would consummate foreign sales and accept a subsidy from the government, or else take a position either marketwise or awaiting a further change in subsidy. We are told nothing definite has been developed - that the matter was under consideration, and that it has been taken back to directors of the CCC. However, it does appear that the CCC wants to withdraw entirely from the exportation of wheat except to occupied and controlled countrie such as Korea, Austria, Trieste, etc. It also appears as though there was a possibility of Western Germany being returned to the private trade after the first quarter of 1950 and becoming subject to the IWA agreement. As to how the situation will finally be handled we have no authentic news, but we do feel that when the private export trade handles business, it will have to be on a more realistic basis, with wheat selling quality for quality in competition with other countries. Further, we have been told that CCC feels their holdings will have to protect the government agency against any possible obligation incurred under IWA, provided the private trade will be unable to do their share. Undoubtedly an early decision will be made because at the moment CCC is practically out of the market, and exporters cannot enter same until they know definitely the arrangements under which they will have to work.

Gross farm income in 1949 is estimated at $32 billion as compared with $35.3 billion last year. This includes the sum of cash receipts from farm marketings, the value of home-consumed farm products, the rental value of farm dwellings, and government payments. The forecast for 1950 is that farmers will receive probably 10% less from marketings than this year, with demand for farm products slightly lower.

Under the Agricultural Act, as passed by the last Congress, the price support for soybeans produced in 1950 is permissive at any level not higher than 90% of the new parity at the beginning of the marketing year. This, of course, gives great latitude to the Secretary of Agriculture, but under the new method of figuring soybean parity, it would have stood at $2.58 in September 1949 against the previous method of $2.32. Apparently the Department figures parity may be somewhat lower next year. Nevertheless, this points out the possibilities of having a probable higher loan on this commodity in 1950.

Primary receipts of wheat total 948,000 bu compared with 937,000 bu a week ago, and 1,044,000 bu on comparable day last year. So far this week Kansas City stocks show a total decrease of 1230,000 bu and when the visible is posted on Monday it will be compared to a decrease last year of 5,003,000 bu.

There was no news of importance today to affect the wheat market, Minneapolis and Kansas City continue to show strength relative to Chicago, and again reflect a tight cash situation in those markets as compared to the surplus of red wheat in Chicago and the East. The CCC continues to remain on the sidelines and imagine this will be their policy waiting at least to see what business the private trade canfinally consummate. Flour business is on a very limited scale. The flour buyer is evidently reluctant to reenter the market for flour at higher levels than the cost of present contracts now nearing completion. It appears at the moment as though patience is needed, and as far as wheat is concerned it is a matter of timing.

The quality of corn is running much better than last season and any cold weather now should dry the crop out very satisfactorily. While corn has been showing strength, feel that one must wait a little before assuming an aggressive and friendly attitude. We hear from certain sources that the shellers are busy still working on old corn for the government and have not as yet had the opportunity to shell the new corn.

Soybean products have at least a firm tone and believe that as the season advances cash beans will be in better demand.

In our letter of yesterday we mentioned that as of October 21 CCC owned approximately 188 million bu of the 1948 wheat crop. According to other sources this was their total stock and we believe that we were in error in reporting it as only defaulted wheat.

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CHICAGO, 4

November 7, 1949

During the past several years trade has been accustomed to look toward the government for support of the wheat market more or less in their daily purchases against export allocations. The International Wheat Agreement is only a few months old but already weaknesses are showing up, as there is nothing in the agreement to force importers to pay more than the minimum price, which is about 30¢ lower than our present subsidies provide. We have been controlling about a little over 50% of our exports to occupied and restricted areas, such as Korea, Austria, etc., but difficulty apparently now has developed in making further sales to the other importing nations until at least we have a more realistic program. One great advantage of a free market is that prices seek the level at which goods will go into consumption. Even though with the exception of occupied and restricted countries, the wheat export business has been turned back to private hands, it still has not been done on a basis that will permit any large volume of business passing at the moment. The present flat subsidy which is given at each port does not establish the proper differential for grades and quality. Importers, by choice, will not pay as much for our red wheat as for our hard wheat or Northern spring; nor will they pay as much for any of these grades as they will for Manitoba, which wheat has a higher milling quality. While stocks at the moment in most European countries are sufficient to meet requirements, there is little doubt that deferred commitments would be made if importers thought the basis was favorable. It always was done in the past and will no doubt continue to be done in the future.

If domestic and foreign crop conditions remain favorable, our high loans and increased subsidies cannot help increasing the cost of our agricultural program, which, in turn, probably reflects higher taxes. However, very few people stop to realize the cost of such support programs in addition to the actual expense in administering same. In a speech before the Executives' Club in Chicago on October 7th, Secretary of Agriculture Brannan made the following statement: ''How many of the members of the Executives' Club realize that almost half of all the money that American consumers spend for goods and services goes for products which originate on the farm?'' Using a figure of approximately $175 billion, representing total goods and services in the United States, the Secretary's statement would indicate about $88 billion as representing services and products originating on the farm. In many quarters it is assumed that the present support program enables the producer to receive about 25% more for farm products than would be obtained without the support programs; or using the figures above, it would represent about $22 billion that consumers pay in higher prices due to these support programs, without considering the amount paid in taxes to provide for the cost of such programs.

Liquidation was very much in evidence in our wheat pit this morning, and had a sympathetic effect in most other pits. Disappointment continues to be expressed over the lack of government buying, and the fact that red wheat is not moving into export channels fast enough, nor into domestic use. Stocks of wheat in Chicago decreased only 512,000 bu during the week, and we still have a total of 12,332,000 bu in this market. December wheat in Chicago is now selling 15 to 16¢ under the loan, but #3 red wheat sold in our spot market today at 8¢ under December. Flour bookings remain at a conservative rate, with export demand slow.

The CCC did not report any purchases in their last reporting period, and apparently are only recording offers.

The Kansas City weather bureau reports that for October most sections of that state received sufficient rainfall for current needs. Precipitation in the eastern third averaged 3.53 inches, the middle third 2.01 inches, and in the western third 1.72 inches, and for the state as a whole an average of 2.33 inches.

Stocks of corn in Chicago decreased 902,000 bu, and now stand at 5,998,000 bu. Our Bloomington office reports that farmers have made good progress in delivering their old corn to the CCC, and many stations will finish within the next few days. Husking operations for the new crop should then be speeded up. Our Hoopeston office advises that many farmers have not been able to start picking because the government has not taken their old corn, and that steel bins have been slow in being erected. Weather conditions remain favorable for harvesting.

Primary receipts of wheat today totaled 960,000 bu vs 1,115,000 bu last week, and 1,260,000 bu last year; however, Wichita was missing in today's report.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 8, 1949

In view of the liquidation that has been evidenced in December wheat and the fact that no support has been given in recent days by government buying against the export program, it may be timely to again review the statistical position of wheat. The estimated crop for this year is 1,126 million bu; the carryover July 1st totaled 293 million, giving total suppliesof 1,419 million bu. We will probably consume 700 million bu for our domestic use, and figuring exports at 350 million bu (although at the present pace we may not reach that figure), leaving acarryover on July 1st of 369 million bu. However, in the last government figure 248 million bu had already been impounded, and this compares with the top figure of last season of 364 million bu. So unless there should be a sufficient advance in the price level, practically all of the carryover will probably be under government control. At the present time red wheat in Chicago and East of here is causing most of the difficulty. There is still no further news on any change in the subsidy basis along the lines suggested by representatives of the export trade last week. We still believe that at a price red wheat can be exported, and it is still the cheapest wheat in this country. Figuring as near as we can calculate No. 2 red winter wheat from the Atlantic seaboard to Antwerp or Rotterdam costs $1.94 1/4 CIF, after deducting the subsidy, while two hard winter wheat from the gulf for the same destination and on the same basis figures $2.00 1/2 CIF. Apparently there is not enough of a price differential to satisfy foreign buyers. The December situation in Kansas City remains tight. Offerings from the country of light test weight but millable types have been running a little heavier than expected, but due to storage space the majority of elevators in Kansas City are not in position to take advantage of same and to possibly mix more deliverable grades.

CCC continues merely to record all offers and loadings at the gulf have been at a rather slow pace. There was no wheat purchased by the government agency for the period ending Monday noon. The visible figures were not available at the time our letter was written yesterday. Wheat showed a decrease of 3,958,000 bu, bringing the total to 210,099,000 bu, or an increase of 54,049,000 bu, of which 24,837,000 was in Enid, which was not a reporting place last year. Primary receipts of wheat today totaled 1,581,000 bu vs. 1,541,000 bu last week and 1,513,000 bu on the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 431,000 bu.

The USDA statistics show stocks of old beans in all storage positions on October 1st as 3,095,000 bu against 2,564,000 bu the year previous, and outside of 1948 is the smallest carryover since 1942. The disappearance of beans since July 1st was computed at 37 million bu. From the October 1, 1948 supply of 223 million bu, the crop-year disappearance is indicated at 219.7 million bu, of which 183.6 million was processed.

The CCC announced that for the week of October 28th to November 4th purchases of wheat amounted to 248,812 bu, which brings their purchases of wheat since July 1st to 39,295,167 bu and wheat-flour, expressed in wheat equivalent of 2,718,028 bu. In other words, the total amounts to 42 million bu. For the same week they purchased 332,100 bu rye, and for the period from July 1st to November 4th a total of 2,220,943 bu of that cereal.

As the session proceeded today there was evidence of rather heavy purchasin on the part of commission houses of corn, which had a reflection in all other pits, and undoubtedly led to quite a little short covering. There was nothing else grainwise. In some quarters, they believe that a barter arrangement has been consummated with India but we have no direct word or any detail.

Weather generally in the Southwest has been fair and continues rather mild although unsettled weather conditions are looked for in Western Kansas by Wednesda The weather throughout the corn belt has been fair.

It was reported that Ireland bought 200,000 bu corn and the Dutch 140,000 bu oats.

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CHICAGO, 4

November 9, 1949

World bread grains: namely, wheat and rye production in 1949 is expected to total 204 million long tons. This would be 4% less than last year but about the same as the prewar average. The world wheat crop is estimated at 6,085 million bu vs. 6,385 million a year ago and 6,021 million in the 1935-39 average. World rye production is 1,655 million bu compared with 1,665 million last year and 1,733 million, prewar average. Wheat production in North America is estimated at 1,518 million bu, and while reduced from the bumper crop of 1948, it is, however, about 49% above the prewar average. Total bread-grain production in Europe is slightly below the 1948 crop and about 12% below the prewar average, the wheat crop being 1,405 million bu against prewar of 1,595 million, while this year's rye crop is 665 million against 767 million bu prewar. Of course, the population of the world has increased since 1935-39, and food habits have undergone some changes. In looking over the statistics, the world potato crop this year is 7,968 million bu compared with 8,273 million bu prewar, while rice production for 1948-49 stood at 7,473 million bu as against 7,323 million prewar. Barley amounted to 2,280 million bu vs. 2,358 million, oats 3,950 million vs. 4,367 million, corn 5,805 million vs. 4,755 million, sugar beets 77,817,000 tons vs. 83,151,000 tons; apples 425 million bu: vs. 353 million, pears 140 million vs. 111 million bu. The egg production is about 5% over a year ago. Dairy products have increased, with flaxseed just about equalling prewar production of 133 million bu.

The commercial or inspected hog slaughter in the major pork and bacon producing countries of the world in 1949, for which data is available, indicates an increase of about 14% over the previous year. Total slaughtering of these countries now exceeds the prewar level, and it is anticipated that in 1950 there will be a substantial increase, particularly in Europe, North and South America. The increase in hog slaughter generally reflects the improved feed situation in most of the principal producing countries, with the largest percentage of increase taking place in the war-devasted countries of Europe.

There were no major overnight developments in grain news. Weather on the whole is satisfactory throughout the production areas of the United States, and for further harvesting of fall crops. There has been no development affecting export sales. CCC purchases were nil for the period ending at noon on Tuesday, and the different regional offices continue to merely record offers. It is still hoped in some quarters that the barter arrangement between India and this country will be consummated. This is a deal that might involve up to 30 million bu wheat, but we have no definite news to guide us. More interest seems to be expressed in the flour market, although sales still remain only moderate. Purchases of the CCC have been such a dominant factor in the market for a long period of time that traders have up to now looked to the government for almost daily support of the wheat market. Although there is a decided let-up in export buying, it is expected when the next figures are issued on impounded stocks, they will show a fairly large increase. It also seems to be self-evident that unless prices advance far enough to overcome storage charges at the end of the season impoundings may reach a high figure. This applies more to hard winter and spring wheat than it does to red wheat, as in the first two areas of th country the producer has always looked more to the loan than in the areas East of the Mississippi, and temporarily the supply of red wheat is the depressing influence.

With Wichita missing, primary receipts today totaled 442,000 bu vs. 384,000 a year ago, and 500,000 bu the comparable day of last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 651,000 bu.

During most of the session wheat had a weak undertone and lost further on outside markets, but towards the close, with short-covering, losses were made up, and wheat actually finished higher than the last session. Two more cargoes of rye were reported in Chicago, which puts about 4 million bu Canadian rye in bond. The owner of this rye is in a very advantageous position as it can either be delivered against December contracts or exported in bond should any sales develop. Further tenders on November bean contracts are expected; therefore, think caution has to be exercised even though we feel that later in the year cash beans will be tighter. Country offerings of corn are very small and some export sales being consummated. At the present price, track country stations, corn is around $1.03, which means that the farmer is getting about $1. While we do not look for any large run of corn to market, feel purchases can be made on soft spots.

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CHICAGO, 4

November 10, 1949

Recently there has been much loose talk in this country of devaluation, but we have placed no credulence in these rumors. In the first place, no action could even be contemplated until Congress reconvenes, as we understand that the war emergency measure has expired and the entire power is now in the hands of Congress. To devalue the dollar would be to undo the relative adjustments that were found necessary when foreign countries took the step. The dollar had been undervalued; there was an acute dollar shortage throughout the world and premium prices were being paid for dollars in free markets. Whether some of the foreign currencies have been devalued too far, such as the English pound, remains to be seen, and time alone will demonstrate this. If necessary individual countries would have the right to mark their currencies up a bit. There has been some shifting of gold stocks from this country, but compared to the total amount we hold, it has been very nominal and some decreases can be expected if balance of trade is brought more in line. President Truman today, in a press conference, was asked if he had any plans to raise the price of gold above $35 an ounce, and he answered that as long as he was President of the United States the value of gold is fixed. This, of course, was a rather strong statement on part of the Chief Executive, but should stop some of the loose talk that seems to have gone the rounds.

There have been no new developments in wheat export circles, and no new business reported. Commodity Credit's purchases for the period ending Wednesday noon only included 30,000 bu purchased through the Portland Agency; nothing at Chicago, Kansas City, or Minneapolis. The 188 million bu reported in the hands of the government agency as of October 21st will probably temporarily be held to fill the needs of the occupied zones of Germany, Japan, and Korea, as well as Austria, Greece, and Trieste. Undoubtedly CCC will also want to maintain some stocks to fill any possible obligations incurred under the International Wheat Agreement, which obligations would be reduced by whatever amount is consummated by the private trade. In the hard winter and spring wheat territories much of the supply is tied up in loans and purchase agreements, and should any substantial private export business be worked, it would necessitate the bidding up of prices to stimulate selling on part of producers. In the soft red wheat areas the situation is somewhat different, as present supplies are rather abundant, and it is hoped that some realistic program will be worked out to enable inroads to be made on this grade of wheat.

Mild and open weather is still persisting throughout the winter wheat territory. There has been no moisture of consequence the past several weeks, and while no crying need for moisture exists, it would be considered very beneficial if some would occur in the near future. The Kansas weekly crop report states that another favorable week for the wheat crop was reported for most parts of Kansas. Growth is good; wheat has an advanced stage of development for this date. Some rains are needed in a few central counties where plantings were late and stands not too good. However, topsoil moisture is adequate in most other areas. The Missouri bulletin mentions that winter wheat is growing well except for some of the early-planted areas in the northwest portion. Harvesting of corn is now making good progress throughout the state. The Oklahoma weekly crop bulletin mentions that moisture supplies are adequate for growing crops except additional surface moisture is needed in the northwestern areas. Fall-planted wheat, barley, and oats have made rapid growth. The Nebraska weekly report states that winter wheat and rye continue to make excellent growth, although topsoil moisture is becoming a little dry and rain would be beneficial. However, both crops are providing an abundance of good pasture feed. Harvesting of corn is progressing rapidly although the mechanical pickers are not operating satisfactorily because the stalks and earshanks were becoming very dry. Generally the moisture content is now low enough for safe cribbing.

Primary receipts of wheat totaled 1,021,000 bu vs. 1,256,000 bu last week; a year ago there was a holiday. So far this week Kansas City and Minneapolis stocks decreased 792,000 bu. When the wheat visible is posted on Monday it will be compared with a decrease last year of 3,795,000 bu. We are giving this figure today as our market will be closed in observance of Armistice Day on Friday.

For a while strength was imparted to the bean market by an announcement from Washington that cottonseed would be supported in warehouses, as well as on farms. However, later November was under liquidation and tenders are still overhanging the market. There was nothing in the wheat news. Flour demand is spotty with buyers hesitant. After the close this afternoon the government will issue a report on corn which is awaited with interest by the trade, as to how much damage has been done to this crop since the last report.

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CHICAGO, 4 Nov. 14, 1949.

In this age of astronomical figures, a billion is still a prodigious amount whether it refers to dollars, bushels, or what not. Since our last letter the government crop figures have been released as of November 1st. While they show a reduction of 120 million bu in the corn crop, it still leaves us with one of our largest crops: namely, 3,358 million bu. According to figures of the USDA, the carryover at the end of the year is forecast at 1,045 million bu. To this year's crop has to be added a carryover of 815 million, making total supplies available of 4,172 million bu: total utilization is given at 3,127 million, which includes 351 million for food, industry, and exports. The average carryover in the years 1937-41 was 554 million bu; however, attention is called to the fact that during that period our carryover was heavier than previously experienced. In 1945, the carryover was 173 million, in 1946, 286 million, and in 1947, 125 million bu. The largest reduction in yields, from the October report, was in Iowa where prospects were 44 million bu less, and in Illinois 36 million bu; in Nebraska and Indiana prospects went back 14 million each. Undoubtedly there will be acreage controls asked for next year, but it does not appear from statements issued so far that marketing quotas will be suggested. The latter are, of course, very obnoxious to farmers, and everything possible will be done to avoid a referendum regarding these quotas.

With the plentiful supply of feed grains, pig production is increasing; the 1949 pig crop is about 13% up, and it is also forecast that the spring crop will be increased. While this means added consumption of corn, it will no doubt force the hog situation where prices are now almost on the level of supports. Thus we are on a merry-go-round, whereby a surplus of one crop leads to other problems. Furthermore, under acreage curtailments farmers will undoubtedly utilize some of the land for other crops, whether it will be for soybeans, sorghums, barley, oats, etc. The Department of Agriculture, as we understand, has the power to dictate the use of land taken out of cultivation on acreage control, but the question will be, is it politically expedient? Moreover, looking ahead with acreage controls in both wheat and corn, we still could have crops almost as large as this year due to the fact that both these cereals suffered setbacks before harvest time. Taking the over-all picture this country is still committed to high price supports. These are not curing any of our agricultural problems but merely delaying the day of reckoning. By use of fertilizers and high producing seeds, every incentive is given the farmer to raise crops for the loan rather than for consumption.

There are still no new developments in the export field. The October shipments of wheat on part of the government agency totaled only approximately 22 million bu, and had slipped to the lowest point since 1946 with the exception of strike periods. This quantity, of course, does not include wheat equivalent of flour shipped for export, nor whatever small business may have been done by the private trade. Most of the ports are badly congested; New Orleans is embargoed, and according to one dispatch 2,500 cars are on track at Baltimore, 2,000 at Philadelphia, with no elevator space available. Eastern ports are crowded with grain, largely owned by the government; Texas and west ports are in good shape but the surplus wheat is in the eastern zone. There have been no new statements issued from Washington regarding any change in subsidy policies. Apparently the private exporter and the miller are not in agreement. Exporters want a bid or elastic subsidy, while millers prefer to stick to a firm subsidy for each day. However, millers are meeting with CCC officials tomorrow in Washington, and apparently they also feel that the export program should be more realistic, giving proper regard to flour milled from red wheat vs. that milled from hard winter or spring varieties. All these questions could be easily solved if we had a free market. Problems continually arise under more or less rigid price controls which government programs usually entail.

Primary receipts of wheat today totaled 1,310,000 bu vs 960,000 bu last week, and 1,358,000 bu the comparable day last year. When the visible was posted wheat showed a decrease of 2,715,000 bu, making the total 207,384,000 bu, or 55 million more than a year ago. However, Enid, which was not a reporting point last year, accounts for almost 25 million bu. Chicago wheat stocks declined 348,000 bu, and now stand at 11,984,000 bu. Corn stocks here increased 801,000 bu, and now amount to 6,799,000 bu.

There was not much in the news and markets today were more of a local affair. Flour business is still of modest proportions.

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CHICAGO, 4

November 15, 1949

There was nothing in the actual wheat news overnight to have any effect on the market. There is still no change in the government agency's subsidy program, and export sales are practically at a standstill. Stocks of red wheat East of the Mississippi remain the stumbling block preventing any real recovery in the major cereal, and Chicago prices are still lagging very considerably below loan values. CCC made no purchases of wheat in Kansas City, Chicago, or Minneapolis for the period ended Monday noon. There was a nominal amount purchased through their Portland Office. During the week of November 4th to 11th, total purchases of CCC were only 505,000 bu, bringing total purchases from July 1st to November 11th to 39,800,000 wheat, and 2,700,000 flour expressed in wheat equivalent. In other words, since the start of this crop season, the support from government purchases has amounted to only 42 1/2 million bu. While there is a meeting scheduled for this afternoon between representatives of the milling trade and CCC officials, an advance article in one of the well known trade journals, mentions the fact that they are not looking for any new developments from the meeting. Thought is expressed that CCC officials will continue their subsidy program on its present basis, feeling that the existing subsidy is on basis of No. 1 wheat and should be adequate for the private grain trade to move lower grades of wheat. However, as we have continually pointed out, it is not a realistic program, and while there is a differential between No. 1, No. 2, No. 3, and mixed wheat, the proper balance does not exist on the varieties of wheat: namely, whether hard winter, spring, or red wheat. Until this is rectified those nations particularly those which have to use their own dollars for purchasing of supplies will undoubtedly prefer the Manitobas which have a higher milling quality. Certainly up to the present, sales to those participating in the IWA must be disappointing, and Broomhall states that shipments from Canada under the agreement have approximated 20 million bu, while from the United States we have only been able to benefit to the tune of 13 million bu.

We are indebted to several of our friends in Germany for some rather interesting comments on crops and conditions in the Western sector of that country. One party points out that average production of bread grain within the Western German Republic for the prewar era 1935-38 totaled 5,688,000 tons; in 1937, this had sunk to the figure of 3,293,000, while for 1949 prospects are for 5,081,000. The same improvement is also noted in feed grains; production of the above in the prewar era was 4,799,000 tons, which went as low as 2,648,000 in 1947 and this year is forecast at 3,683,000. In the same connection one of our good friends from Hamburg reports that the German crop surpasses all calculations of previous months, and is exceedingly good in most parts of Western Germany. With the supplemental quantities furnished under the Marshall Plan, supplies seem to be sufficient. Germany has also had a splendid rye crop and with purchases being made from the Argentine, Hungary, and Poland, this same party feels they are overstocked for the time being. It is interesting to note that apparently Canadian rye is not finding its way into Western Germany.

According to Washington dispatch, the government agency is making an effort to set up a shipping schedule of 100,000 long tons of corn for occupied Germany. This move is an effort to relieve the eastern port elevators, which at present are pretty well blocked. Apparently it is a matter of arranging ship schedules in order to start the program. On the other side of the picture, there is a threatening maritime strike, which would affect the eastern and gulf ports. However, it involves deck officers, and therefore it may not be difficult to arrive at a settlement before any work stoppage. Meetings are going on today; the dead line is mid-night tonight. We are inclined to believe the proper solution will be arrived at.

Primary receipts of wheat today total 1,316,000 bu vs 1,581,000 bu last week and 1,322,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a combined net decrease of 439,000 bu.

There seems to be a slightly better inquiry for flour, although bookings remain at a small volume. Cash beans and corn are both selling on the spot market at fair discounts under the nearby futures, which points to the scarcity of elevator space in this market.

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CHICAGO, 4

November 16, 1949

Despite meetings between private exporters and representatives of millers with members of the CCC, there is no indication yet as to any change in policy regarding the subsidy program. They seem to take the position that some provision is made for lower grades in wheat; however, in practice subsidy provision is not made for milling qualities. Unless some change is forthcoming in the near future, possibilities of the private trade consummating much business appear. rather dim. In the winter wheat areas through defaults on the 1948 loans, CCC came into possession of large supplies. Heavy impoundings of the 1949 crop have already taken place, or else much wheat has been placed in storage, which is still available for loans or purchase agreements, depending entirely on the price structure by or prior to January 31st.. The private trade does not own much cash wheat in the Southwest. For any private exporter to offer and buy any sizeable quantity would undoubtedly entail a higher price, at least sufficient to overcome some of the accumulated charges of wheat that is now in storage. In the red wheat areas while supplies are hanging heavily the subsidy permitted is not adequate inducement for importers to purchase any large quantities. Despite the loan the supply of this variety is heavy enough to cause depressed values in the Chicago market. As of October 1st, in the so-called Chicago area, there was 155 million bu wheat off the farms and 88 million bu on the farms, or a total of 243 million. As of October 21st, which, of course, is a slightly advanced date, wheat owned by CCC in this region totaled 45 million bu and there were 18 million bu under loan or purchase agreement. Of course, there are some overlapping figures, and undoubtedly the quantity under loan is heavier today, but it does demonstrate that at least for the time being supplies East of the Mississippi are more than ample and need relief from either a better domestic or a better export demand.

The Kansas weekly crop report states that the wheat crop continued to make good growth during the past week but calls attention to the fact that adequate moisture is being rapidly depleted in some of the western counties. The general moisture condition, both surface and subsoil, was excellent when soil moisture tests were made the third week in October. However, since that time there has been virtually no moisture of consequence, and in fact, the western half of the state has been without any perceptible moisture since October 10th. While the report does not say so, a good rain would be more than welcome. There has been a general lack of moisture over most portions of the Southwest during the past month. The Missouri weekly crop bulletin states that winter wheat looks mostly good but lack of rain is being felt. The corn harvest has progressed well in all sections of the state, with 75% harvested in the northwestern areas. Pastures are favorable. The Nebraska weekly crop report indicates that corn picking is well along and nearing completion. They again call attention to the fact that dry conditions have interfered with the operation of mechanical pickers and that more than the 7% of ears has dropped on the ground, although it is expected that much of this will be saved either by gleaning or by pasturing the corn fields. Wheat has made good growth throughout the state but needs moisture, as the topsoil is dry although at the end of last week the southwestern area was helped materially by rains.

Primary receipts of wheat today amounted to 346,000 bu vs. 442,000 bu last week and 676,000 bu last year. Kansas City and Minneapolis stocks so far this week decreased 852,000 bu.

There were no new developments in wheat. The only purchases reported by CCC for the period ending Tuesday noon were 100,000 bu wheat in Portland and 25,000 rye in Minneapolis. While general flour business remains dull, one of the large chain bakers seems to be covering his December needs.

There were further tenders of beans today, and with deliveries overhanging the market it prevents any real upturn in that grain. Both oil and meal demand remain rather dull. Corn premiums were somewhat better with shipments from the country rather modest.

Broomhall reports there were beneficial rains in Central Europe, with moisture ample in the U. K. and good seeding progress with satisfactory soil conditions in France; also, reported favorable soil conditions in Italy. Australian wheat and flour exports for the past two weeks amounted to approximately 5 million bu, and now total 106 million against 118 million a year ago; although not substantiated that country is presumed to have sold quite a sizeable amount of wheat to IWA countries.

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CHICAGO, 4

November 17, 1949

Broomhall in his latest review also calls attention to the fact that clearances from the United States have fallen off sharply, while Australia and Canada are maintaining their wheat exports in fairly good volume. Comment is made of the fact that since July 1st to November 16th this country has shipped only 125 million bu wheat and flour with over one-third of the crop-year now over. He sees very little possibility of total shipments reaching 400 million and thinks it might even be difficult to obtain 350 million unless dollars are furnished in larger volume. We are tabulating below his export figures from August 1st through the week ending November 12th for the five large exporting nations as compared with the previous year:

	1949	1948
Argentina	15,008,000 bu	10,543,000 bu
Russia	5,624,000	5,904,000
United States	92,033,000	178,228,000
Canada	74,245,000	51,686,000
Australia	37,188,000	33,964,000

Of the total shipment this year of 224 million bu, the United States has furnished approximately 41% while last year for the same period of a total of 280 million bu exported, this country furnished about 64%.

Meanwhile no further statement has been issued from Washington following the two-day session with representatives of the milling trade. No solution has yet been forthcoming which would clear up the present situation. Representatives of the export trade and millers seem to be at some difference in their suggestions. Millers apparently want the continuation of a daily export subsidy price, although are asking for changes in same so as to give proper consideration to the flour milled from different varieties. Exporters on the other hand had requested the privilege of being allowed to bid on the subsidy from day to day.

Reports from the Argentine state that new-crop conditions are quite favorable with the exception of the Pampa where dry weather has reduced prospects to about 25% of normal. However, this is the smallest producing area, with the rest of the country anticipating a normal crop on reduced acreages compared to prewar. The surplus of old and new wheat in 1950 is expected to be larger than this year.

According to reports from the Southwest flour sales are going along at an improved rate; while volume is still not heavy mills in general are doing a somewhat better business. CCC again made no purchases for the period ending Wednesday noon outside of Portland where they acquired 100,000 bu.

Generally fair weather has prevailed over most of the grain areas and generally fair weather seems to be indicated for the Southwest. There is no crying need for moisture but several areas are now experiencing a dry topsoil condition and timely rains would be considered very beneficial.

Primary receipts of wheat today totaled 1,350,000 bu vs 1,021,000 bu last week, and 1,255,000 bu on comparable day last year. So far this week Minneapolis and Kansas City stocks show a decrease of 1,184,000 bu.

Apparently Portugal is inquiring for wheat offers the early part of next week. We understand the quantity is somewhere between 2 and 3 cargoes of either Canadian or U.S. wheat of #2 grade. Under the present subsidy we cannot see where it is possible to offer the red wheat at an attractive enough price, and on actual milling values Manitoba is still the cheapest wheat. It remains to be seen if we will benefit from this inquiry.

The ECA allocated $11,600,000 funds to France for the purchase of corn and $6,160,000 to Turkey for wheat and flour. It seemed evident that there was some buying of corn in possible anticipation of business with France.

There are no new developments of significance, and local trading dominates most of the pits. While we fully appreciate that the CCC buying is lacking in the wheat market, and that no relief is being experienced to the burdensome supply of red wheat, nevertheless should there be any change in policies, which might enable working more export business, the market could easily do a face-about, but at the moment this encouragement is lacking.

Cash beans and corn are still selling at discounts, although the long viewpoint is very much more hopeful, and even though the turning point may not have as yet arrived, think one should watch the action of March beans and July corn.

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CHICAGO, 4 Nov. 18, 1949.

In their analysis of stocks of wheat in all positions, as of October 1, 1949, the USDA shows exports of grain for the first quarter of this crop-year as grain at 81,902,000 bu, and 11,422,000 exported in the form of flour, or total exports of slightly in excess of 93 million bu. This compares with 107 million wheat and 47 million as flour in the first quarter of 1948, or a total last year of 154 million bu. 53 1/4 million was used as feed and residual. This shows a rather large disappearance for feeding, as it compares with 27 3/4 million the comparable period of last year and about the same amount in the year previous. Total disappearance was 304 million, which just about accounts for the carryover from the 1949-49 crop. The government has also revised its figures on the carryover as of June 30th, making the latest figure approximately 306 million bu, which is an increase of about 13 million bu from previous estimates. In analyzing corn supplies, the USDA gives total production for grain only (this should not be confused with the total crop) at 3,180 million, the carryover is given as 815 million bu, or a total production as grain of 3,895 million bu. The largest disappearance for the last number of years was in 1946-47 when the total distribution amounted to 2,839 million bu. If disappearance should be as heavy this year, it still indicates the possibility of a billion-bushel carryover.

Portugal in asking for wheat offers next week has caused some inquiries to be made on part of exporters, and this is reflected in a better tone in the market today. There was a report yesterday that Egypt was inquiring with reference to 108,000 metric tons of American or Canadian wheat, but it now appears from further information that they will make a deal only on a barter basis. Their objective is to pay for the wheat with credits that can be used to purchase Egyptian cotton, rice, or any other exportable commodity. Therefore, it does not look as though any business will be consummated with this country, as we have no demand here for Egyptian rice,and cotton could not be shipped here under quota restrictions.

Apparently the authorities realize the difficulties of raising large crops in this country through inducements offered by high loans, and on the other hand declining export demand. There is discussion now of the possibility of having a long-time policy designed to be put into operation as the money for the Marshall Plan declines, and to run for a period of possibly three to five years It seems to embody some new type of foreign aid on a subsidy basis costing several hundred million dollars a year. Barter might also be included, much of the grains, cotton, tobacco, etc. to be exchanged for strategic materials. Another thought is to make cut-rate sales by selling CCC stocks in world markets at a loss, as well as selling in foreign countries and accepting payments in alien paper, whether rupees, pounds sterling, or francs. Of course, all conversation is in a formulative stage, and discussions will undoubtedly extend over a long period of time; but only mention this to again point out the difficulties and the problems that are being presented by our own domestic policies. All this spells further controls, marketing quotas, and even in its final analysis the dictating to farmers as to what they can or cannot raise on their farms. We still believe that the American producer wants his individual liberties, but he must realize that in order to maintain same he will have to make some temporary sacrifice in permitting prices to go to a level at which production is more in line with consumption.

Primary receipts of wheat today totaled 962,000 bu; last week was a holiday, and a year ago they amounted to 964,000 bu. When the visible is posted on Monday it will be compared with a decrease last year of 6,462,000 bu.

A better feeling existed in all pits today, and markets were stimulated by the strength in corn. Offerings from the country are very limited, and there were further export inquiries, with Denmark indicating she was in the market for a cargo of corn. It is also reported that six cargoes of corn were sold to France overnight, but think a good deal of this buying was anticipated in the pits yesterday. Cash corn showed further improvement, with the discount now running around 3 1/2 under December.

There was no particular news affecting wheat. Offices of the CCC remain dormant, with only 80,000 bu of wheat purchased through their Portland office. It does not appear as though the regional office in Kansas City is interested in purchasing wheat at the gulf, but probably would be willing to exchange some wheat in the interior for supplies at the gulf. Even rye, which has been very much neglected, responded to the strength in Winnipeg market, where there seemed to be some active buying of most of the futures.

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CHICAGO, 4

November 21, 1949

The tremendous amount of money which is tied up in our agricultural support program is verified by the statement by USDA on the status of the CCC price support program as of August 31, 1949. While this is probably a re-hash of figures that have been issued from time to time, we think it is of interest to continually refresh our minds on the subject. As of August 31st, CCC had in use $2,197 million of its Statutory Borrowing Authority, leaving a residual of $2,553 million. In addition they have current operating obligations of about $715 million, some part of which might be liquidated by the use of Borrowing Authority. As of August 31st they show a net realized loss of $17 3/4 million in carrying out the program during the current fiscal year. As of that date their balance sheet shows approximately $479 million tied up in loans on about 347 million bu corn; $364 million in loans on 185 million bu wheat, (as of September 30th loans amounted to 248 million bu); tobacco accounted for $143 million, and other supplies $55 million, or a total of slightly over a billion dollars. Their actual inventory showed $1,639 million, of which $475 million was accounted for by 202 million bu wheat (as of October 21st, the last figure available, their inventory was 188 million bu). The largest item on the inventory was $601 million for cotton, $91 million in dried eggs, and $191 million between flaxseed and linseed oil.

Further statistics released by the U. S. Department of Labor show that the wholesale price index, with the year 1926 equalling 100, for the week ending November 15th stood at 151.5, a decline of 7.6% from a year ago. Farm products stood at 156.5, a decline of 12.7%. Foods declined 8.9%, while grains, which stood at 154.1 show a decline of 10.8%, with livestock 16.7% below last year. Some of the other commodities entering into these calculations were: building materials down 6.8%, chemicals 13.2%, and textile products 7.2%. Despite support programs, with the exception of chemicals, grains show the greatest decline. In September of this year, the farmer obtained 49% of consumers' money that went into the market basket. This is down from 53% in September a year ago and compares with 40% in the 1935-39 averages.

While no definite information has come out of Washington regarding interviews between the milling industry, private exporters, and the U. S. Department of Agriculture on the subject of subsidies, according to the Northwestern Miller, officials have rejected the grain trade's proposal for an elastic subsidy under the International Wheat Agreement. They also apparently rejected a proposal of the Millers' Committee that consideration be given to subsidy payments on shipment to those countries in the areas outside the International Wheat Agreement. However, from the same source it seems to be the intention of officials of the USDA to advance the rate of subsidy payment to a point at which there will be a maximum movement of wheat and flour from this country, the subsidy increase to be determined after daily experiments with small advances allowed in the subsidy rate daily until higher levels are reached. An increase of 14¢ from the East Coast ports, 11¢ from Gulf ports is expected to take place over a period of time. This still does not satisfy demands of the private trade exporters, and efforts are being made to further advance the ideas of this group. The method suggested by USDA would probably benefit flour sales more than the export of actual grain. Meanwhile, there has been some lowering of freight rates from the Gulf to certain Caribbean areas, which might be helpful in furthering flour sales.

Primary receipts of wheat today totaled 823,000 bu vs. 1,310,000 a week ago and 1,072,000 the comparable day of last year. The visible was not posted in time to include with this letter but Chicago wheat stocks show a decrease of 695,000 bu and now total 11,289,000 bu. Corn increased 925,000 bu making total stocks 7,724,000 bu. There was quite a change in the position of rye in Chicago; total stocks are now 6 1/4 million bu. Apparently duty has now been paid on all but 3/4 million bu.

As far as news, the wheat market was featureless although a more optimistic feeling was expressed in all pits, with quotations higher than the previous session. Additional grants have been made by ECA for corn--$10 million for Western Europe, of which $7,200,000 is for Western Germany, $2,600,000 for Denmark, and $810,000 for Ireland. While these transactions are listed for delivery by end of next April, they have given a better tone to cash corn where prices range from 1 to 2¢ under Chicago December, a marked improvement during the past ten days.

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CHICAGO, 4 November 22, 1949

At a meeting of the National Grange held last Saturday in Sacramento, the Secretary of Agriculture rightfully called attention to the fact that, "As the world has grown more complex and as man's power over time and space and nature has increased, the cost of error--the cost of failure to meet issues has also grown." He also calls attention that it is the farmer's duty to consider all proposals on the question of farm price supports with as little bias as possible, and that they should make up their minds on the fundamental issues rather than on basis of political beliefs. We at times wonder if our farm programs of the last two decades have been based on sound economic fundamentals rather than political expediency. The farm programs really date back to the Hoover Farm Board in 1928, which experiment cost this country half a billion dollars, and which was at that time considered a vast loss. Since then we have had many other programs. We have had acreage controls, and to a certain extent marketing quotas; we have plowed up acreages, destroyed pigs; we have subsidies, processing taxes, and we now have the International Wheat Agreement and thoughts advanced by the FAO. We have resorted to all kinds of artificial means and palliatives, and still we find no real solution other than the natural laws of supply and demand. Certainly the extension of the 90% loan supports way beyond the period as originally pledged to producers is a matter of political expediency rather than economic soundness. The cost of these programs to the American public in taxes and higher food levels has been in the billions. While prices received by farmers are already down one-fifth from the postwar peak, and are expected in official circles to decline another 10% in 1950, the farm output last year was about 40% above the 1935-39 averages, while the population of the U.S. has increased only approximately 15%. Again quoting the Secretary of Agriculture, "Even with a conservative increase in agricultural productivity over the next five years, it is obvious that food consumption must rise or surpluses will surely result." Food consumption per capita has been declining since 1946 and is now only about 10% above the 1935-39 average.

We entered into the International Wheat Agreement with the idea of finding an outlet for our surpluses. Broomhall, in a recent article again calls attention that exports of wheat and flour from the U.S.A. continue to lag far behind last year, and it is increasingly doubtful whether total for the present season will approach the level expected by officials. While these estimates have been lowered, this country will have to sharply expand its clearances for the remainder of the season to even meet such reduction. In some countries the necessity of utilizing dollars to the best advantage has led to drawing upon homegrown crops and higher extraction. Under our present price structure, other exporters are obtaining a larger share of world export business than in recent years, with Argentina, Australia, and Canada benefiting.

For the week of November 11th to 17th, CCC confirms sales of 2 1/2 million bu wheat either in the form of wheat or flour in wheat equivalent, of which about 2,100,000 bu represents CCC wheat. Since August 1st to November 11th, Australia has shipped about 7 1/2 million bu wheat guaranteed under the IWA, Canada approximately 22 million, and this country 13 million. There is probably some lag in the reporting of our sales, because from the period August 1st to November 17th, USDA makes our total 18 million bu.

It is now realized that the original subsidy granted in this country is not sufficient to move our wheat in volume, and advances in the subsidy rate have been made during the past week. However, advances in markets account for part of same, and apparently further advances are necessary to move any real volume of wheat and flour. Whether this leads to lowering of prices on part of our competitors remains to be seen and it again demonstrates that the free and open market is the best judge of prices.

Primary receipts of wheat total 1,476,000 bu today vs. 1,316,000 a week ago and 1,536,000 the comparable day last year. So far this week Kansas City and Minneapolis stocks of wheat show a net decrease of 240,000 bu. The visible was issued yesterday too late to include in our market letter. As a matter of record, wheat showed a decrease of 1,103,000, total stocks stand at 206,281,000 bu, or 60,488,000 greater than last year, of which 24,543,000 is accounted for by the inclusion this year of Enid.

The wheat market was in part stimulated today by what looked like export buying against possible sales to Portugal.

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CHICAGO, 4

November 23, 1949

The fact that an export sale was consummated yesterday of red wheat to be shipped from gulf ports by private exporters again demonstrates the efficiency of these exporters vs. government. We have pointed out several times that the private trade in the past always used port of shipment that was most advantageous to the buyer. On this particular sale, as we understand it, part will be shipped from St. Louis, part from Chicago, probably by barge to the gulf where advantage can be taken of the subsidy that has been ranging 7 to 8¢ higher than from the seaboard. While pressure has been from the red wheat territory, apparently the government agency, due to the position of their stocks, has not been able to avail themselves of the same opportunities presented to the private trade. There is also less rigidity in prices as the history of exporters has been that they have always taken a reasonable business risk in making offers abroad, while a government agency must operate on a more fixed policy.

Before the signing of the International Wheat Agreement, we discussed the difficulties and fallacies of such an agreement. The United States has already found it necessary to increase subsidies in order to meet world conditions, as we were practically stymied in our export sales. Undoubtedly Australia is encountering difficulties with the International Wheat Agreement and is facing protests from Britain and India against its announced wheat price increase. Apparently the Wheat Board of Australia does not agree, stating that country has plenty of customers at the increased price, which was done following devaluation, and has assumed the attitude that if Britain and India do not want to buy their allotments under IWA, other countries will.

James M. Dillon, Minister of Agriculture for Ireland, who is now attending the World Food Conference being held in Washington, seems to adhere to the old fundamental conceptions of economics rather than the so-called more advanced theories. He feels that if Britain and the United States would sit down and agree on a price at which the pound sterling would be convertible into dollars at any time upon demand, world food problems would be greatly simplified. To use his expression, "Continuance of the present inconvertibility is lunacy." He also queries as to why the United States and other surplus producing nations do not lower their prices if they are so concerned with helping the hungry and getting rid of their crop surplus. He makes a point of the fact that at certain prices wheat is a surplus, but that if importing nations could get the benefit of lower prices it may astonish all what a task would be put upon the Merchant Marine in order to fill commitments. He further said that while it was the prerogative of any nation to decide what price the farmer should receive for his products, on the other hand tears should not be shed if so-called surpluses cannot be disposed of at prices asked.

The weekly crop bulletins from the Southwest are all favorable, pointing out that subsoil moisture supplies are mostly adequate, and in fact, in some areas abundant, but that topsoil moisture is lacking in certain areas. In a general way, it appears that the winter wheat crop in the Southwest is in excellent condition, and the lack of a certain amount of topsoil moisture is not too serious since it encourages a deeper root development and reduces the possibility of winter kill.

Broomhall, commenting on conditions in Europe, states that the seeding of winter wheat is well advanced, has been completed in certain areas, and while no estimates are as yet forthcoming, it seems safe to hazard a guess that a number of countries will realize larger acreages and where this is not accomplished in the fall sowing, it will be replaced by spring plantings. Devaluation of currencies and shortage of dollars have added to the determination of obtaining a greater degree of self-sufficiency and less dependence on overseas supplies.

Primary receipts of wheat today totaled 344,000 bu vs. 346,000 a week ago and 519,000 the comparable day of last year. So far this week Kansas City and Minneapolis stocks of wheat showed a total decrease of 638,000 bu.

It is still early to arrive at any definite conclusions of whether there will be wheat deliveries tendered against December contracts in Chicago, but the fact remains that red wheat is the cheapest cash wheat in the country and the Chicago market is still selling at a discount under Kansas City and Minneapolis. Bulges at the present time may not hold any too well, but feel that inroads will be made in the stocks of red wheat between now and May. The CCC was again no influence in the market. Flour bookings are small.

The country offerings of corn are still very limited. Carlot shipments are small although fair quantities are still being received by barge. However, the discount for cash corn for #2 yellow has practically disappeared. UHLMANN GRAIN CO.

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CHICAGO, 4

November 25, 1949

Export sales to Portugal and France in recent days were the first of any volume, outside of what CCC might have done, in some time. The Portuguese sale was significant inasmuch as it reached into mid-western markets and tapped Chicago as an outlet. At the time it appeared that the greater subsidy on shipments from gulf ports than would be provided from the Atlantic permitted movement of this grain in competition with wheat located East of us, which has been priced at a low premium basis. Since this sale was made the subsidy has become less favorable because the Chicago market has gained on Kansas City, which appears to be the basing factor for CCC use in issuing the daily subsidy rate, and so to that extent Chicago has lost some advantage. A few isolated sales to foreign buyers may affect sentiment but basically the U. S. position as compared with other countries is not satisfactory. It seems, however, that because Chicago wheat was worked for export it has brought a firmer feeling in our December wheat futures on the possible belief that more of this business could be done over the coming months; thus be an outlet for the large Chicago stock. Further immediate sales do not seem probable as the Port of New Orleans, which would handle this Chicago wheat, has already made provision for virtually all the steamers they can load during the month of December. The elevator there will not issue any further permits to move grain to that port except for steamers that have previous to this time been named to them. However, this does not preclude business during the later months.

Basically we see that Canada is doing a much larger wheat export business than the United States. Daily they report sizeable sales to various countries, and although they are priced on a quality basis cheaper than the U. S. grains, we still have the advantage of supplying ECA funds, as was the case in the last sale to Portugal. Nevertheless, since August 1st, the start of the world wheat crop-year, our country has exported only 97 million bu as compared with 183 million bu, the same time a year ago. Canada during the same period has shipped 81 million bu against 55 million in 1948, and currently their weekly clearances are exceeding ours by about 2 million bu. They still have a very large amount yet to sell under IWA and also stocks of 245 million bu to provide for exports during the remainder of the season and carry over at the end of July. In 3 1/2 months exports from all countries have run 52 million bu behind last year, and Europe shows no concern over securing their import requirements, but rather they are more energetically pushing the production of grain in order to become more self-sustaining, and this has been accentuated since devaluation.

In France, the Minister of Agriculture considers overseas wheat prices exorbitant, especially as the dollar is so scarce. It is reckoned that European importing countries grow wheat on about 50 million acres, and if they can increase the yield 1 or 2 bu per acre, it would cut down foreign purchases quite considerably. Postwar fertilizer difficulties have been modified, which will aid these countries in their efforts. France raised 290 million bu wheat this year according to their Minister of Agriculture, against 272 million the year before. They have a production goal of 400 million wheat for the future, which if attained would permit the export of 50 to 80 million bu. Such a figure looks extremely high, but there is an incentive for them to strive for such a goal. The United States' best customer has been Germany and we now learn that they have bought 5,800,000 bu of new crop wheat from Argentine at $2.33 a bushel c.i.f. which is about 10¢ under the price Argentine had previously been asking. Conditions must have improved considerably in Germany, as they have arranged to ship 800,000 bu rye to Yugoslavia in exchange for 900,000 bu corn. The new government has been given many privileges of independence, and they are naturally going to look around for cheapest markets in which to buy. Argentina, which formerly was a strong competitor in world markets, continues to have difficulties with their high costs of production. Nevertheless, if they can increase their purchases in countries with softer currencies, it might ease the situation, as the cost of things they have to import from us is high, but actually living costs in that country are very low in dollar values. So it is conceivable that if they can get the cost of their imports down, the tension will be relieved.

The better feeling continued to exist in our grains as export business was again reported in corn and foreign inquiry for soybeans. One firm showed leadership in purchases of December and July because of the smaller acreage and lack of recent rains has created some friendship because of its discount under next year's loan basis.

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CHICAGO, 4 Nov. 28, 1949.

The recent releases of USDA again bring to the foreground the great lag in our export program this year. Exports of grain and grain products from July through October is estimated at 198 million bu, which compares with 237 million bu the same period in 1948. Of this quantity 124 million bu was wheat and wheat equivalent vs. 202 million bu for the same time last season. The bulk of the first four months' exports went to the occupied zones of Germany and occupied or controlled areas of the Pacific. It is estimated that these areas accounted for 60% of the total and about 23% went to ECA countries. CCC confirms sales of about 3,800,000 bu wheat and wheat equivalent for the week ending November 24th, of which the principal buyers were Mexico, Austria, Portugal, and Norway. This illustrates very significantly that 83% of all grain exports has gone to either the occupied zones or the Marshall Plan countries, and that only 17% was shipped to cash buyers. This country's quota under IWA is 168 million bu, but so far only about 19 million bu has been moved from this year's crop under the agreement, which became effective as of August 1st. It, therefore, puts quite a burden on the last eight months of the crop-year if goals are to be reached. There has been a purchase of 5,800,000 bu of wheat by Western Germany from Argentina at a price equal to $2.33 a bu CIF, although this deal will not involve American dollars, but probably more or less of a barter deal with Argentina with payment to be made by German exports. Italy has recently been negotiating a similar transaction with Argentina for about 18 million bu, although we have not heard of any confirmation of such a trade.

It had been estimated earlier that requirements of Western Europe would be between 11 to 25 million bu soybeans. According to the report of one observer, the lower figure seems to be more nearly correct. Generally speaking, Europe's requirements will be more in the form of whole beans and less as oil for the reason that outside of Italy and Belgium, Europe has large crushing capacity and undoubtedly prefers to create the hours for labor rather than to buy the soybean oil which probably could be purchased on a lower basis. The soybean meal and oil are the most attractive of American oil products while lard is still regarded as a luxury in most households.

While corn marketing quotas might have been invoked, officials always try to sidestep such regulations as they have many repercussions. However, with the possibility of a billion-bushel corn carryover at the end of this season, there no doubt will be sharp acreage reductions called for, probably trying to bring the crop nearer in line with 2 1/2 billion bu. This would require a cut of at least 25%, although politically it may be wise not to go this far. With our present large supplies of wheat and feed grains, the problem confronting the Department of Agriculture is one of substantial acreage reductions. Following the lines of cuts in wheat, corn, and cotton it may be necessary to control soybean acreage in order to prevent the acreage taken from other crops being put into that grain.

The wheat visible supply decreased about 2 1/2 million bu, leaving stocks at 203 3/4 million bu, which is 58 3/4 million bu over last year, but included now is the Enid figure of over 24 million bu. Chicago wheat stocks were reduced 352,000 bu, and we now have a total of 10,937,000 bu. Despite this large quantity, it is expected that there will not be any appreciable quantity of wheat delivered on futures early in the month. The corn visible supply increased 3,845,000 bu, and the total is 42 million bu, of which Chicago has 8 million after an increase of 343,000 bu during the week. Receipts of this grain continue small; therefore it raised the doubt whether there will be early deliveries on futures contracts. The cash price is selling several cents over the delivery basis, so until such time as the country becomes a more willing seller there will be a tendency to maintain ownership of the present stock. Some of the corn in Chicago is owned by the CCC, so it is not all available to the free trade.

Spreading operations between December and May rye have increased in volume, but out of 6,809,000 bu of rye in Chicago, there is only 2,897,000 bu in store, as the balance is afloat, and 508,000 bu is still in bond, although there is 3,404,000 bu still in vessels on which duty has been paid. Chicago oat stocks are down to 1,018,000 bu, which continues to maintain the December futures at a premium.

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CHICAGO, 4 November 29, 1949.

World grain supplies have pretty well recovered from the devastation and dislocation caused by World War II. Total wheat production for this year is given at 6,185 million bu vs prewar 6,021 million bu, and of this amount Europe will produce 1,465 million against 1,595 million, the 1935-39 average. Total production of rye is 1,705 million bu compared with 1,733 million, the 1935-39 average, of which Europe is producing 705 million vs 767 million prewar. World trade in grain is again being re-established either in the form of outright purchases or in barter. According to Broomhall, France has recently entered into a barter agreement with the Argentine whereby they are selling essential goodsneeded inthe Argentine for about 300,000 tons corn, which they in turn expect to sell to Denmark. Our South American neighbor has recently sold a large quantity of oil cakes to France, which country is re-selling same to Denmark, and it is reported that the Argentine has recently made heavy sales of wheat and barley to Japan, estimated in some quarter as 200,000 to 300,000 tons. We refer to same to bring up the question of whether we are again going to price ourselves out of the grain export business. For the past few years, we have been the major exporter of wheat due in great extent to shipments to occupied zones, to dollars made available under the Marshall Plan; also due to the fact that some of the other exporters were temporarily holding their wheat at very artificial values, particularly Argentina. There is a shortage of dollars in most countries; the importer naturally wants to conserve U.S. dollars as much as possible, and even greater efforts are now being made to become self-sufficient so as to depend less and less on imports. We have had several instances in the past where our domestic programs have led to a decline in exports and an incentive to Europe to become more self-sustaining. We trust that our program from here on will be realistic enough not to cause a recurrence of past difficulties.

Following the Farm Board, which became operative in 1929, our carryover of wheat rose from 227 million bu in 1929 to 378 million bu in 1933, while our exports declined from 143 million to 35 million in 1932 and only 28 million in 1933. Then again following the drought years in this country, our carryover in 1938 was 153 million; in 1939,250 million; in 1941, 385 million, while our exports in 1938 totaled 109 million; in 1939, 48 million; in 1940, 34 million; and in 1941, 28 million, the last two years Europe was involved in a war. We are now offering from this country around the maximum price provided for under the International Wheat Agreement, and it apparently is not proving attractive to the importing nations, particularly in respect to our red wheat. If we are going to continue to maintain our position, and if we are going to maintain high loan values as now provided by law, it will necessitate handing out the taxpayers' money in support of the farm program, and handing out additional funds in the form of subsidies or further advances under the ECA policy. The world is becoming less dependent upon us, and we must in one form or another become more competitive or see surpluses continue to accumulate in this country.

Primary receipts of wheat today totaled 1,282,000 bu as compared with 1,476,000 bu a year ago, and 1,169,000 bu comparable day of last year. So far this week Minneapolis and Kansas City stocks of wheat show a net decrease of 75,000 bu

While wheat was very strong in today's session, there was no outstanding news except some milling business. Cash wheat in the Southwest, particularly in Texas, is now selling about 8 to 10¢ over the loan price. We hear of some redemptions of warehouse receipts, although we doubt if much has yet taken place. However, present prices make this feasible. While prices are now more attractive to the wheat producer, undoubtedly many of them have in mind that a new tax year starts on January 1st. We consider cash wheat in the Southwest on debatable ground, if the futures price advances it could lead to some decline in premiums. Cash corn premiums again advanced and we believe some sales were consummated at about 4 1/4¢ over December. There has been no noticeable pickup in receipts in Chicago; in fact, today they were very small, but we are told that a little more corn seems to be moving in Iowa. The price is now becoming more attractive but again the new tax year comes into consideration.

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CHICAGO, 4

November 30, 1949

The tempo of export business still remains the crux surrounding the wheat situation in this country. The fact that world crop conditions have practically recovered to prewar levels makes it important that the private trade be given more latitude or virtually full freedom in order to compete for world trade. At the present time they are greatly restricted under the IWA, and while we lean to the thought that government officials are aware of the situation nothing has been forthcoming as yet in the way of a more constructive program. Subsidies have been revised from day to day but fundamentals have not been altered and the changes in subsidy prices more or less follow daily fluctuations in market and differentials that exist between Chicago and Kansas City. Broomhall estimates that unless the present rate of world wheat shipments is considerably stepped up, goals will not be reached by at least 20% and might be down to 680 million bu. He calls attention, as we have in the past, to the fact that with cuts in Marshall aid allotments all importing nations have to exercise greater discrimination in the use of dollars. They are forced to rely more on their own increased harvests and higher extraction rates. They are also hoping that by postponing covering requirements, supplies will be obtained from the non-dollar sources in Southern Hemisphere or from Russia. The only way this condition can be offset and prevent a further decline in our export business is to either resort to the continual granting of credits and foreign loans or by adjusting prices to meet a more bearish world supply condition and to offset the dollar deficit of importing countries. Naturally if any steps are taken by this country to offer wheat at lower levels, it will force Canada, Argentina, and Australia to adopt similar methods. In world competition, Argentina and Australia are in the advantageous position of being non-dollar producers; therefore, they can demand some premium from importers. We seem to have about reached the end of the road of closely-knitted monopolies of non-competitive wheat exports based on artificial support programs in this country and elsewhere. While we are probably not as yet at the time when importers can be 100% independent, at least the margin between world supply and demand is now becoming sufficient enough to cause worries for those exporting nations which still apparently do not want prices to have free expression.

Today was the first day of tenders against December contracts. So far we have heard of only 115,000 bu wheat in Chicago and 40,000 wheat in Kansas City. In the Southwest market the cash situation has been very tight; however, at present levels wheat in Texas is worth about 10¢ a bu higher than the loan price, which in many instances would permit the producer to obtain the full loan value after paying terminal charges. In Kansas City this does not apply to ordinary deliverable grades. However, in the case of premiums being paid for high protein wheat some loans could be redeemed, and this is also true on some of the discount grades. Naturally, the length of time that wheat has been in storage is a factor. While we do not hear of any large redemptions to date, we know that some warehouse receipts have been exchange in Kansas City and we also hear of such transactions in Oklahoma and in Texas. In the Chicago district cash wheat is still selling at a fair discount under the loan. Although there is a burdensome supply of wheat East of the Mississippi, the great question is the amount of deliverable grades in Chicago. From what we have been able to observe in pit operations, there has been considerable changing of December hedges on part of several elevator interests; consequently, it may mean that deliveries will be limited and that some elevator houses probably think there may be better opportunities for actual merchandising, although there is not too much of an incentive carrying wheat over when May is selling at a discount of about 5¢.

Primary receipts of wheat today totaled 339,000 bu vs 344,000 bu last week and 480,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks decreased 381,000 bu.

During the week of November 18th to 25th purchases of wheat by the CCC were nil and believe this probably is the first time since the initiation of the program there were no purchases of the major cereal. Total purchases of wheat and wheat equivalent from July 1st to November 25th amounted to approximately 43 1/2 million bu. A fair flour business was reported from the Southwest, although export demand remains extremely dull.

The Kansas City weekly crop report states that condition of wheat is generally very good in all but the central and north central areas where surface moisture was still further depleted, and that wheat in that area is showing some signs of moisture shortage. The Oklahoma report states that the wheat crop remains in good condition, although more moisture is needed.

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December 1, 1949

According to government figures as of October 31st there was 281 million bu wheat impounded under loan and purchase agreement. This is an increase of 33 million bu since September 30th. While the month's impoundings were probably a little less than had been anticipated in some circles, one must not lose sight of the fact that farmers have an extra month this year, or until January 31st, to apply for the loan. This is quite an advantage; not only does it permit the producer to study his market for an additional month, but it also brings it over the December 31st tax period. Of the amount under loan there was approximately 60 million bu on the farm, 215 million stored in warehouses, and approximately 6 3/4 million under purchase agreement. Wheat impoundings are only part of the story and when one studies the complete list of the amount of grain kept out of normal channels through the high loan program, it is rather formidable. There is about 8 million bu corn, which, of course, does not include what was re-sealed or taken on default by the government from last year's crop, and it is only the start of the season. There is 24 million bu barley, 20 million bu oats, 5 1/2 million bu flaxseed, 1 1/2 million bu soybeans, and 9 million bu grain sorghums. In addition purchase agreements cover about 3/4 million bu barley, about 1 1/4 million oats, 1/2 million flaxseed, and about 1/2 million bu sorghums. They further reported about 2 1/2 million cwt dried edible beans under loans and, other items are dried peas, rice, etc.

While we do not as yet have the complete breakdown of the figures, Kansas, as the largest producing State, had 41 3/4 million bu under loan in warehouses, 10 1/2 million under loan on farms, and slightly over a million bu under purchase agreement. Texas was the second largest State, with 37 million bu in warehouses, 4 3/4 million on farms, and about 1/2 million under purchase agreement. In Illinois there was 4 3/4 million in warehouses under loan, slightly over half a million on farms, and about 100,000 bu under purchase agreement, while Ohio had 4 million bu in warehouses, practically 2 million on the farm, and about 100,000 under purchase agreement.

Broomhall bases the weekly compilation of wheat and flour exports from the U.S. as 3,645,000 bu, bringing the season's total since July 1st to 141,875,0 bu. Under any kind of normal conditions, as a rule the largest export business is cor summated during the first three or four months of the crop year, but if we are to come anywhere near the goals set, the tempo of export business will have to be stepped up quite considerably.

The crushings of beans, according to government figures, for October was very heavy: namely, 17 1/2 million bu, which compares with 13,848,000 bu a year ago. In its summary of the fats and oils situation, the USDA states domestic production of fats and oils for 1949 is at a new high of about 11.6 billion lbs, which includes the oil equivalent of soybeans and bean exports for crushing abroad. Domestic disappearance in 1949 has been smaller than a year earlier reflecting a decline in industrial activity. They place the excess of production over disappearance this year around 1.4 billion lbs even though exports have been large. They forecast a large output in 1950 with prices of most fats and oils probably remaining low compared with other postwar years. Broomhall places the fall seeding of wheat in Italy at about 12 million acres which is practically in line with the past two years, being slightly over 1948 fall sowings.

In this country the Santa Fe Railway report practically confirms what has been issued by the State reports: namely, winter wheat has adequate subsoil moisture but topsoil over the entire Southwest is beginning to show the effect of nearly two months of open fall weather and the need for surface moisture is increasing, particularly in the western third. However, the wheat plant is generally well developed, therefore, eliminating some of the possibility of wind erosion. This condition in general exists through Kansas, Oklahoma, Texas, Colorado and New Mexico

December wheat stayed relatively firm today, helped by some early buying probably partly connected with sale of about 400,000 bu red wheat in the eastern part of the country to the CCC for crop insurance purposes. This wheat is not to be delivered until a later date in the season, and we doubt if it is contemplated that it will be shipped from Chicago. Wheat East of here continues to sell considerably cheaper than the Chicago basis.

Corn premiums eased somewhat today and price support in futures was only moderate. Although a fair amount of rye was on tender again today, futures support was noticeable with a broad trade in that grain.

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December 2, 1949

We have mentioned a number of times that the dollar shortage is one of the detriments to export business from the U. S., and that other countries, such as the Argentine, are benefiting in the export of grain by barter agreement. The shortage of hard currency is in part due to the fact that having come through two wars we have found it necessary to either produce synthetics or otherwise substitute for many items of which we used to be large importers in prewar times. One item, for example, is the replacement at least in part of nylon for silk, and this is only one of quite a number of articles.

Broomhall, in his recent review, states that the winter acreage in Italy has increased each year since the Army was disbanded. Imports have been very heavy since the war, but requirements are now diminishing, and to-date no wheat has been purchased under the IWA, although trades have been consummated with the Argentine partly on barter basis, and fair quantities have been bought from Russia. There seems to be some flour business pending between this country and Italy, but so far no definite word as to when trade may be consummated. Japan has announced details of a $50 million trade agreement, which was negotiated with the Argentine last June. Our Southern neighbor will send $25 million worth of wheat, corn, cotton, jute, and other goods to the Orient, while Japan in return will export $15 million worth of cement, machinery, iron and steel, electrical appliances; the remaining $10 million balance will be paid from Japan's open account. Thought is even expressed that the purchase of food might push the total trade between the two countries to $80 million in 1950. Of this business, some is done at the expense of the U.S. Mr. Howe, who is the Trade Minister of Canada, issued a statement that his country was in grave danger of being oversold on wheat from this year's crop, and that starting with the first of the year the government is contemplating advertising to farmers requesting them to deliver all the wheat they possibly can as early as they can in the year in order that Canada may fill commitments which have been negotiated.

It is estimated by private sources that the Argentine wheat production would total 220 million bu, which would compare with 195 million bu last year. That country has been consistently consummating sales of grains, particularly corn, and it would seem to indicate that the expansion of exports would at least be maintained over the next several months.

Probably realizing the amount of grain that may be impounded through the continuation of high loans, CCC has just announced details of a guaranteed storage program to encourage construction of additional facilities in deficit storage areas, particularly in the grain belt. The program apparently contains the provision for guaranteeing 75% capacity storage for three years on any new buildings, and two years on additions to old facilities. This program is open to cooperatives and commercial warehousemen. As we understand the program, if less than 75% of the additional facility is used, CCC will pay 10¢ a bu the first year for the unused portion, 9¢ the second year, and 8¢ the third year. Additions to present prevailing facilities would carry only a two year guarantee for the unused portion. It was not too long ago that elevators in primary markets wanted to furnish CCC storage facilities on a guarantee basis but at that time their decision was that they had no authority to enter into such agreements.

In analyzing detailed figures of wheat under loan and purchase agreement as of October 31st, we find that States East of the Mississippi had 22 1/2 million bu as compared with 20 million bu a month earlier, while the States of Nebraska, Kansas, Oklahoma and Texas have 152 million vs. 144 million the previous month, and the four Northwestern States: namely, North Dakota, South Dakota, Minnesota and Montana had 33 million, an increase of 8 million from the previous month. In addition to the above there are large amounts tied up in Colorado, Idaho and Washington.

The estimate on the part of officials of the Department of Agriculture that the corn borer may have taken a toll of 340 million bu of corn this year acted as a stimulant to the market, plus the fact that there was some export business in corn as well as in beans. The CCC announced that they had purchased a million bu wheat through their Chicago Regional Office for Crop Insurance and it looked like there was an additional quantity purchased today.

The dry condition in the Southwest and the possibility of windstorms has aroused more interest in July wheat.

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CHICAGO, 4

December 5, 1949

ECA announced Saturday they were authorizing approximately $29 million for eight Western European countries. Of this amount $3,900,000 was allocated to Italy for the purchase of wheat and $807,000 for wheat flour for shipment between December 1st and end of February. Although some decision may have been reached, according to recent correspondence we have had from friends in Italy, it was still undecided whether that country would purchase through private trade in the U.S. or through CCC. Their final decision would be a market factor because if purchased through CCC, it would not necessitate any hedge lifting. On the other hand if the private trade is used export sales usually mean activity in the futures market.

During the week ending December 1st, CCC confirmed sales of approximately 1,900,000 bu wheat and flour in wheat equivalent under IWA. This brings total sales from this country under the program since August 1st through December 1st to 23,849,000 bu vs. our total quota of 168 million bu. It makes the cumulative total purchases of importers under the agreement, from August 1st to November 25th, approximately 49 million bu vs. a goal of 456 million bu. In other words, during four months, or one-third of the crop year, there has been only slightly more than 10% booked by exporting countries. The U. K. was allocated 177 million bu under the agreement, and up to November 25th had purchased only about 8 1/2 million bu. Miscellaneous countries which are not listed in the USDA's report were allocated 157 million, and nothing has been reported sold. Thus it would appear that either shipments from those exporters who are not participating in IWA or else who are indulging in barter must be making inroads at the expense of the exporters who signed such agreement. Canada continues to do a substantial export business. Since August 1st through November 24th, their exports have totaled approximately 84 million bu vs. 63 million the previous year. These figures are taken from Sanford Evans, who estimates that Canada still has approximately 241 million bu available for export and carryover to August 1, 1950.

There was no overnight news, and generally fair weather prevailed over the Southwest. The present map suggests fair weather through Tuesday, and it seems questionable whether the five-day forecast issued from Amarillo last Friday indicating the possibility of moisture will materialize. Although dry weather has created some apprehension, we have not received any serious damage reports from dryness or wind blowing. One source advises that the new wheat plant in Oklahoma in areas is heavily infested with insects, but they are now experimenting with a formula to spray the fields, which may lead to some very beneficial results.

The advance in the market last week brought out some wheat in the Southwest. Kansas City this morning had 275 cars, and we understand that some of the mills were able to buy receipts stored in their own elevators, particularly of higher protein quality. As a consequence of such buying many mills are probably in pretty good shape for their immediate requirements.

Primary receipts of wheat today totaled 1,218,000 bu vs. 900,000 bu a week ago and 1,375,000 bu on the comparable day of last year. When the visible was posted wheat showed a decrease of 1,187,000 bu, and now totals 202,548,000 bu or 63,237,000 bu larger than a year ago. This year's figure includes Enid which was not in the visible last year and stocks at that point total 24,779,000 bu. The major portion of the decrease in the visible was accounted for in Chicago where stocks decreased 951,000 bu and now total 9,986,000 bu. While the total corn visible increased 1,088,000 bu Chicago futures decreased 1,697,000 bu, leaving a total of 6,370,000 bu in this market.

The CCC Chicago office reported another million bu of wheat purchased for the period ending Friday noon for Crop Insurance purposes. This brings the total to 2 million bu for Thursday and Friday. The Portland Regional office purchased 100,000 bu wheat as of Friday noon. Nothing was bought in either Kansas City or Minneapolis. Apparently some flour sales are being consummated on the contemplated advance in family flour prices. Export business has been quiet but it is expected that the PMA may come into the market very shortly for additional amounts.

In the latter part of the session, short covering took place, particularly on the part of locals and strength was imparted in all pits, especially in December wheat, with all futures of the major cereal going into the season's new high ground. Tenders of wheat against December contracts still remain very small which at least temporarily makes the short depend on the pit to fulfill his December contract. Despite the advance in prices country offerings of corn and beans remain very light. Corn tenders were made today of possibly somewhere around 375,000 bu.

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CHICAGO, 4 December 6, 1949.

Mr. Ralph Trigg, President of the CCC, speaking before the third annual convention of the Production and Marketing Administration, warned the nation's farmers that government funds available for supporting farm prices may soon be exhausted. According to a statement recently, a million dollars has been committed since August for price support, and that a total of $3 billion of the CCC's $4 3/4 billion borrowing authority has now been invested in inventories or commodity loans. Apparently he believes that there are limits to funds that might be made available to carry on the program of super-price props. We ourselves believe, at least for the next year, funds will probably be made available by Congress, but, nevertheless, Mr. Trigg apparently feels that a continued demand for high loans may eventually lead to a collapse of the present federal farm program. Thus we now see the danger signal against the going program, the same as was experienced with all the programs which have been initiated since the Hoover Farm Board. We still haven't found any system to replace the laws of supply and demand and the operation of the free price system.

Senator Gillette of Iowa, Chairman of the Senate Agricultural Sub-Committee checking on the spread between producer and consumer prices, made the statement that when commodity prices are climbing, the food processors and retailers raise prices, although they do not follow them down so promptly. He stated that the average producer prices on commodities had been reduced over the past year and a half by some 20 to 25%, while processor and retailer prices to the consumer have been reduced only 6 to 8%. However, we doubt if he has taken into consideration the increases in labor costs, the increases in railroad rates, and also taxes. We would like to point out that whatever discrepancies there might be certainly do not exist in the buying and selling of grains with regulated exchanges, where immediate changes in price are reflected, and where the buyer and seller get immediate benefits of whatever price advances or price declines occur, according to conditions. All programs that depend on planning rather than actual conditions run into difficulties. No plan has ever been able to account for the vicissitudes of weather and growing conditions. As one party points out, the government has increased the production of corn with an incentive price support level of 90% of parity. It was found necessary to spend millions of dollars to build temporary bins, part of which were constructed to take care of corn which has now been destroyed by the corn borer.

This country is not the only nation that has found difficulty through artificial farm programs. Broomhall, in a resume on Argentina, points out that government has now reached the point at which the handsome prices that have obtained for the past several years, during which high prices were demanded from foreign buyers, while the farmer received comparatively small returns, no longer exists. They will probably have to obtain above the International Wheat Agreement price, to which they are not a signatory, to break even, but to meet competition it might mean in turn a subsidy to the producer add a further financial strain on the country's economy. While some nations would prefer to pay Argentina higher prices in order to conserve dollars, the fact remains that the world picture has now changed, and a seller's market no longer exists.

It has been expected for some time that Italy would be in the market for wheat. Their buying program was delayed pending a decision as to whether purchases should be made through CCC or through private trade, and we believe a decision was made this week in which at least temporarily Italian purchases will be placed through CCC. However, that country has had an excellent harvest, and they undoubtedly will not tie up any more ECA funds than absolutely necessary. It is felt in some quarters that they will not require the entire 40 million bu provided for in the IWA.

It seems there has been some confusion on the million bushels of wheat reported purchased by the CCC on two successive days of last week. It now appears as though the first day's purchase was made from Crop Insurance of wheat that was in December position; the one million bu the second day was purchased from the private trade for May delivery for the account of Crop Insurance, leaving as a net result the Crop Insurance amount unchanged, and adding a million bu to the CCC purchases.

Profit-taking and liquidation was in evidence in all pits; this is not at all surprising in view of the recent strength. On advances some warehouse receipts seem to be redeemed in the Southwest.

Primary receipts of wheat today were 1,149,000 bu compared with 1,282,000 bu lastweek, and 1,652,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 30,000 bu.

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CHICAGO MERCANTILE EX.

December 7, 1949

There was publicity given yesterday to the statement by the President of CCC, calling attention to the amount of money tied up in inventories and loans of that organization. Our agricultural program is only one of the drains on the taxpayers of this country. According to the Economic Research Department of the Chamber of Commerce of the U. S., in a survey of 203 large and medium-sized companies, it was found that hidden payroll costs, including pensions, social security, vacations, holidays, etc., averaged 20.5¢ per hour worked and amounted to $424 a year per worker. Furthermore, the aggregate cost of these fringe benefits amounted to 15.4% of the total wage bill of the reporting companies. In commenting on this fact, the New England letter of the First National Bank of Boston, states that besides social benefits, the constant pressure, with spending of federal funds in virtually every segment of our economy, may soon exceed the entire current wealth of the country. Our taxes now absorb almost 30% of national income. While this figure probably reaches over 40% in England, we still do not feel that too many people in this country envy the experiences of Great Britain. Spending has led to difficulty even going back to ancient times. According to one authority: "Twenty civilizations before us 'strutted' to their doom as the government tried to do everything for everybody, while the people were lulled into listlessness and apathy." Very few people stop to realize the total amount of direct and indirect taxes paid by every individual in the U.S. We have in front of us a very interesting graphic chart. On a 10¢ candy bar, it is estimated that 3¢ of the cost is taxes; on a 47¢ can of baby powder 18¢ is taxes; on a $60 rental basis, $20 comprises tax; on a 15¢ loaf of bread 5¢ goes for taxes; on a $3 pair of baby shoes $1 is accounted for in taxes. A 7¢ bar of soap has to absorb 2¢ worth of tax; on a 21¢ bottle of milk 8¢ is collected in taxes, and so on through many other items.

Again neither the daily nor the five-day outlook shows any evidence of moisture for the winter wheat belt. No actual damage reports are being received but moisture in the form of rain or snow at an early period would be very helpful. According to the official weather report for Kansas, the average moisture for the eastern third of that State in November was .39 inch, the middle third .06 inch, and the western third .07 inch. Comment is made that only five Novembers have been drier and that in the central division only 3 Novembers have received less moisture since 1887. There has been a good supply of subsoil moisture. The plant has taken good root but replenishing of surface moisture is needed from time to time.

Broomhall reports that heavy rains have delayed seeding in the U.K. while in France occasional rains have maintained satisfactory moisture with a minimum of complaints regarding fall seeding. However, there was a smaller acreage but it is expected that this will be offset by an increase in spring wheat, although it is doubtful whether France will be able to put in a full acreage. Italy has a moderate increase in wheat acreage over last year, needs this season will fall short of the quantity agreed under IWA, and no doubt that country will use the escape clause to avoid commitments. Sowing in Germany has been under favorable conditions and good moisture has occurred in Spain and Portugal.

Primary receipts of wheat today total 450,000 bu vs. 339,000 a week ago and 733,000 the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 135,000 bu.

The purchases of the CCC, as of noon Tuesday, were reported as 200,000 bu wheat through the Portland office and 3,400 bu rye through Chicago. For the week ending December 3rd, the government agency obtained 900,000 bu wheat and 540,000 bu of wheat flour, expressed in wheat equivalent. This brings their purchases from July 1st through December 3rd to about 45 million bu.

It appears that in Texas and Oklahoma there is evidence of fairly liberal selling of cash wheat when the producer obtains a price of around $2.40, basis the Gulf; in other words, 9¢ to 10¢ over the loan value at Galveston. However, more limited quantities find their way to market in Kansas City.

The PMA purchased 200,000 cwts. of hard wheat flour at Gulf ports but this was only to replace the cancellation of a like amount purchased last week. Apparently the original seller could not fulfill his contract.

Otherwise, there is not a great deal of news to affect markets. An easier tone prevailed in wheat throughout most of the session. About 265,000 bu fresh corn will be tendered against December contracts of which the majority is presumed to be #3 yellow corn.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 8, 1949

Last week's clearances of wheat and flour expressed in wheat equivalent from this country totaled 2,743,000 bu. According to Broomhall it now brings the total from July 1st through December 3rd to approximately 145 million bu. Using the total number of weeks involved gives an average weekly shipment of approximately 6 3/4 million bu. However, in the early part of the season shipments ran much heavier, and at present are not averaging much better than 3 million bu a week. There are thirty-one weeks left in our crop-year, and if the rate of exports is not stepped up considerably, it would account for only approximately 93 million bu, or a total export of 237 million. While the original goal was around 450 million, these sights have been lowered to around 350 to 400 million. If for the remaining thirty-one weeks exports averaged 7 million, and this is over twice as much as the present rate, it would account for only 360 million bu. We doubt very much if the schedule for December shipments by the government agencies will total much more than 15 million bu. This would make exports for the first six months 159 million plus December shipments by private trade. While our figures are lagging, Canada on the other hand has shipped nearly 92 million bu since the start of the world crop-year, which is August 1st vs. 66 million, the same period last year. The barter deal with Egypt for 108,000 tons, or approximately 4 million bu wheat, is still pending. In some quarters it is believed that they prefer Canadian wheat, but the entire trade hinges on the disposal of Egyptian cotton which the seller of the wheat would have to take in barter.

Some attention has been directed to the advance in coffee prices, and again speculation becomes the "whipping boy." However, this looks like more or less of a "tempest in the coffee pot" in view of the support prices on agricultural products in this country, and the fact that many millions of dollars have been added to the consumer's food bills. Prices have always advanced in war times, but history also shows that following a war and the replacing of deficiencies, prices adjusted themselves downward. We may be still accused of believing in the old economic theories but in our opinion what counts is the real purchasing power of wages. Our farm program of continuing high percentage of parity loans does not permit much readjustment in the economy, and it remains to be seen how long we can continue to lift ourselves by our bootstraps. At the time of the Civil War the overall price level was up about 150%; 4 1/2 years after the war it was down 45%, or about cut in half. In World War I the advance was about 135%; the adjustment after 4 1/2 years was 40% downward. So far the decline in general prices from the peak has been only of small proportions.

Some moisture is forecast for the Southwest, although probably light in nature. According to map readers there is a formation in the West that could lead to further precipitation, but one cannot be too sure, as many times following a drought precipitation does not materialize. The weekly state reports all mention the shortage of topsoil moisture in many areas, and some relief in the near future would be very welcome. The Kansas report states, while in areas of the central and north central part of that state leaves indicate moisture and nitrogen deficiency, they comment that as a result of excellent growth which wheat made earlier, abundant subsoil moisture supplies and an excellent root development, condition of the crop is still reported very good in all but the central counties.

Primary receipts of wheat today totaled 1,093,000 bu compared with 849,000 bu last week and 1,748,000 bu last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 246,000 bu.

The government cotton report today increasing the crop about 500,000 bales, found a reaction in the bean market. From this additional half a million bales of cotton, 875 tanks, or about 60 million pounds of oil can be produced, and somewhere around 75 to 80,000 tons of meal, which, particularly the oil, is quite an addition.

There was a fair domestic flour business booked overnight. While the export business is still poor, any easing of prices could bring out considerably more domestic business. Otherwise, there was not much feature to markets, and an easier feeling existed in all pits. Additional tenders were made in corn, but so far all the corn delivered has gone into strong hands.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 9, 1949

Some precipitation in the form of rain or snow, although light, occurred overnight throughout the main areas of the winter wheat belt. Apparently additional moisture will be received during the day. The five-day forecast for western Texas anticipates showers Monday and Tuesday, and for Kansas, Oklahoma, Missouri, some additional moisture Sunday night and Monday. While relief has only been slight in view of the rather extended drought period, it is at least helpful.

According to estimates of the Department of Agriculture, the output this year of farm crops was 129% of the 1935-39 average. This increase occurred on an acreage that was only 7% larger, while the number of farmers and farm laborers was actually less than in the prewar era. Weather, of course, has been greatly responsible for the large crops during the past few years, but other factors have entered into large crops. Better seeds have been used, such as hybrid corn, rust-resistant wheat, etc. The mechanization of the farm has been a contributing factor, but also of importance has been the greater use of fertilizer and chemical aids, the latter controlling insects and weeds. More and more experiments are being conducted in spraying with insecticides and the results are being carefully watched by many of the agricultural colleges. The effect of spraying is becoming increasingly more efficient, and inroads are being made on damage from troublesome pests. The use of fertilizer has also greatly increased, although the increase has been less noticeable in the winter wheat areas than along the Atlantic Coast States and in sections East of the Mississippi.

Sen. Elmer Thomas of Oklahoma, and Chairman of the Senate Agricultural Committee, is again espousing the continuation of high support prices for farm products. Apparently he must feel that this is more necessary to the economy of the country than the final end results of unrealistic loans: namely, additional government controls, more or less regimentation, and all the other consequences. It seems almost elemental that the farmer will produce everything possible under a high loan program, whether or not it is needed for actual consumption. Therefore, unless drought or war interferes more and more acreage controls will have to be called into play, possibly marketing quotas and the farmer finally told what he can or cannot raise. Controls of one agricultural product usually lead to control of other products, and we continue to go round in a vicious circle. Apparently the USDA officials are now considering adding soybeans and dry edible beans to the list of seven crops for which 1950 controls are certain. The production of edible beans set a record this year; the soybean crop was the second largest in our history. With acreage controls in corn and other cereals, officials now fear that the bean crop must be brought under acreage allocation in order to prevent other controlled land from being used to raise beans, thus leading to a possible huge surplus which the government would have to handle.

Sanford Evans gives Canadian exports from August 1st through December 3rd as 90 million bu. For at least the past five weeks Canadian exports have been averaging approximately 6 million bu a week, or almost twice the amount that has left our shores. Broomhall again calls attention that importers can buy Argentine wheat through a country that is in position to ship goods to the Argentine, and which is termed an "intermediary" country, with France being especially adapted to this kind of trading.

Primary receipts of wheat today total 769,000 bu vs. 1,110,000 bu last week and 1,269,000 bu, the comparable day of last year. So far this week, Kansas City and Minneapolis stocks of wheat show a net decrease of 304,000 bu, and when the visible is posted on Monday it will be compared with a decrease last year of 7,211,000 bu.

According to one source Holland is awaiting allocations for the purchase of approximately 4 million bu of corn, and also allotments were made to Ireland of almost $3 million for U. S. corn by May 31st, and $1,800,000 for wheat from this country by the end of January. Otherwise, there was not a great deal of news in our markets today, and trading was quite two-sided. At times there seemed to be pressure on the December wheat when selling orders came into the pit. New milling inquiries for both bakery and family types of flour are rather slow, except for occasional lots, although mills are hopeful that business might develop on a broader scale contrary to the usual procedure of quiet business ahead of the holiday.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 12, 1949.

Europe, as well as this country, is making better utilization of their soil. Since the shortages of the early postwar years, through Marshall aid, the use of fertilizers has been increased, and farming is becoming more highly mechanized. Every effort is being made by importing countries to overcome the difficulties encountered through price support programs, and unjustifiably high prices on part of exporters, and thus, again artificial prices are tending to make Europe less dependent upon overseas supplies. From statistics which Broomhall has published, the yield of wheat per acre in the U.K. was 40.5 bu compared with a prewar average of 33.5; Belgium's 1949 yield was 57.8 bu per acre vs. 39.9 bu; Holland 47.2 bu vs 43.8 bu; Denmark 51.1 vs 46.2 bu; and France 26 bu vs 21.6 bu. Naturally weather had some effect on the increased yields in 1949, but other causes mentioned above have been and will continue to be contributing factors.

In this country the USDA has been experimenting with the effects of irrigation in eastern sections of the country where normal rainfall has been considered sufficient. Evidently they feel that with more intensive farming and heavy fertilization plant life draws heavily upon moisture supplies. Some of their experiments indicate that when additional water has been added to the use of fertilizers, yields of corn have been raised from 90 bu to 130 bu per acre, and in some cases to 162 bu. On one experimental tract the oats' yield was raised to 114 bu per acre, grain sorghums to 174 bu, and potatoes nearly to 600 bu. While, of course, we are a long way from such irrigation plans, it does show the potentialities of raising food supplies in this country.

As we come to the turn of the year and a new session of Congress, much attention is being paid by the press, and many statements issued by Senators and Congressmen as to the fiscal policies of this country. On the one hand there are those who believe in the continuation of deficit financing, and on the other hand those who can see dire results unless fewer extravagances are engaged in, and unless a more realistic view is taken of all spending. We read articles that less money should be used for the Marshall Plan; we read other articles that less money should be used for the armed forces, and again others that individual department expenditures should be clipped. But we do not recall reading any statement so far that the amount of money expended to carry on our agricultural program should be curtailed. CCC, as it is constituted today, and in carrying out the laws of the land, has become probably the biggest business in this country. The President of the CCC has pointed out that additional funds may have to be voted to continue support programs. Their inventory is also a rather prodigious affair. Due to high support prices, we are encountering difficulties in selling our grains abroad, particularly wheat. In this country, the consumer, besides payments through taxes, is contributing a vast amount in the cost of his daily bread-basket. Many of us think only in terms of wheat and corn, but last year the loan program held off the market 79% of the flaxseed crop, 70% of the peanuts, 40% of dried edible beans, 38% of the potatoes, and 35% of the cotton. At the end of last crop-year, CCC owned 3,800,000 bales of cotton, 227 million bu wheat, 555 million bu corn. The accumulation of butter is becoming very sizeable and eggs are presenting one of the major problems. The government had to again re-enter that market with the purchase of a large quantity to be dried as powder. Since the first of the year the government probably has purchased around 60 million lbs of dehydrated eggs, which is equivalent to 180 million dozen eggs, and it is estimated they have $140 million tied up in butter and eggs.

Primary receipts of wheat today totaled 988,000 bu vs 1,218,000 bu last week and 1,968,000 bu on the comparable day of last week. The visible supply was late in being posted today. We are unable to give the figures in this letter. The Chicago stocks of wheat decreased 118,000 bu and now total 9,868,000 bu. Corn increased 443,000 bu, making the stocks in Chicago 6,813,000 bu.

Although there was precipitation over most of the Southwest, with the exception of the Texas Panhandle, it was rather light in nature, and for the moment clearing weather is predicted. Mexico expects to buy about 925,000 bu wheat on Tuesday, and it is understood that France may purchase a considerable quantity of corn this week. Otherwise, there wasn't much else in the week-end news, and market action was rather dull. Flour sales are being consummated at a fair rate although many bakers are holding off in the hope of some declines. A certain amount of cash wheat seems to come out in the Southwest, particularly in Texas and parts of Oklahoma when the cash price is equivalent to $2.40 basis Galveston.

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CHICAGO, 4

December 13, 1949

There seems to be a better export inquiry. It is expected that Mexico may buy 925,000 bu wheat this afternoon. Spain is inquiring for 2 million bu #2 red winter wheat for January clearance from the Eastern seaboard; Norway is also inquiring for 375,000 bu #2 hard to be shipped from the gulf. We also think there are a few other smaller inquiries. There has been no confirmation yet of the sale of corn to France, but it is expected that this business is imminent. France is presumably short corn to meet sales to its farmers in advance of the arrival of imports. Some thought is now being given to the admission of Germany and Japan into the International Wheat Agreement. If this should be consummated, it is expected that quotas under IWA would be raised 100 million bu. However, such action would probably reflect somewhat on export expectations from this country. At the moment we are supplying the major portion of the wheat for Germany and Japan as controlled countries. If these two nations should be placed under IWA, our quota would probably be raised from 168 million to 205 million bu, or 37 million bu. Some international experts are now forecasting our wheat shipments overseas as 375 million bu on basis of current estimates of foreign requirements. While it is true that large barter deals could boost the export total, on the other hand the contemplated move of placing Japan and Germany under IWA might still further reduce our prospects.

In reflection of some lowering in price for farm products, farmers' cash receipts from marketings in November were around $2.8 billion, or 13% below November of last year, down seasonally from October, which is usually the peak marketing month of the year. The previous month farmers received about $3.1 billion from all marketings, or 20% less than in the similar month of 1948. Part of the decline has been from the sale of livestock. USDA believes that the volume of winter feeding this season will be as large or slightly larger than last year, although at the present movement of feeder cattle in the corn belt, while maintaining a relatively high rate in November, was substantially below previous months, and below a year ago. The October feeding ratio is not as favorable as a year ago, and the price of corn has not followed the decline in hogs.

While the official map had not indicated rains in the Texas Panhandle we are today in receipt of a letter from our representative in that territory, stating that some relief was obtained last Saturday in the form of showers at practically all points in the Texas Panhandle, ranging from 1/8 to almost 1/2 inch with the heaviest fall North of Amarillo. He further reports that winter wheat is in very fine condition in that state; some complaints were being made due to dry topsoil condition, but undoubtedly this was in part relieved over the week-end, and with the abundance of subsoil moisture wheat is well rooted. The same party estimates that to the best of his knowledge the majority of Texas wheat-growers complied with the acreage allotments in their plantings.

Primary receipts of wheat today total 876,000 bu vs. 1,149,000 bu a week ago and 1,740,000 bu the comparable day last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 5,000 bu. The visible was posted too late yesterday to be included in our market letter. Wheat showed a decrease of 2,163,000 bu and now totals 200,385,000 bu, or 68,285,000 bu more than a year ago. However, this year includes Enid, where stocks total 24,754,000 bu.

Even though there were a lot of export inquiries in our market today, up to the close no business had been confirmed although some corn business may have been done but not reported. It seems that other areas of export are cheaper than Chicago. The Mexican business would be done from Texas ports and red wheat at the Atlantic seaboard is offered cheaper than it could be worked out of Chicago. We understand also that Gulf corn figures at a lower basis than it would work out of Chicago or out of eastern ports. There appeared to be considerable buying of futures in anticipation of these various inquiries. Some wheat is being worked to Chicago although not in large amounts but it is coming in small lots from points east of us. The grade is not of deliverable classification but it is good sound milling varieties. This lessens the need for our deliverable grades now held in store. Open interest in December futures of wheat and corn is still rather large considering that there is only one more week for pit trading; therefore, shorts have been showing a certain amount of aggression in covering their positions.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 14, 1949

The contemplated export business was consummated overnight, which included the sale of approximately 925,000 bu wheat to Mexico from the gulf, 2 cargoes and 3,000 tons red wheat to Spain from the Atlantic seaboard, and also, the long-awaited corn purchase on part of France, which is now confirmed as 16 cargoes to be shipped from the gulf. These sales had very little market effect this morning, as we believe the lifting of hedges had previously taken place in anticipation of such business. As we understand the price of the red wheat,sold at the seaboard would figure back to a Chicago basis of 7 3/4 under December in store. The price at which corn is reported sold at the gulf does not seem to permit corn to be worked out of Chicago but will probably be shipped from St. Louis and other river points.

Broomhall's foreign crop summary is rather optimistic, in which he states that rainfall recently has been adequate over most of the European Continent with few exceptions, and that the indicated acreages are up to expectations. While there may be some deficit in winter wheat planting, such as in the U. K., the interference with fall work caused by rains will probably be made up in spring sowing. The same condition exists in France where winter wheat has germinated satisfactorily. There are no acreage estimates from Western Germany but their cereal harvest this year was of record size, with bread-grain outturn about 40 million bu larger and feed grains about 50 million bu larger than the previous year. Moisture conditions are reported abundant in Italy with some increase in winter wheat acreage expected. Rains have fallen recently in Spain and Portugal. India reports a full acreage of wheat sown but at the moment some areas are in urgent need of moisture. From South America, the Argentine estimates run somewhat larger than last year, although probably somewhat curtailed from earlier optimistic forecasts. The Australian crop is now estimated at 203 million bu vs. 190 million bu last year.

It was reported yesterday through one foreign house that the Canadian Wheat Board announced the 5¢ carrying charge usually included did not apply to sales made under the IWA. As we view the situation this would permit our northern neighbor to name prices that will run 5¢ lower on all grades, and imagine that finally this will have to be reflected in an increased subsidy from the U. S.

Stocks of contract quality grain in Chicago public elevators regarded as regular for delivery as of December 10th, amounted to 5,004,000 bu, a decrease of approximately 172,000 bu from last week. Stocks of #2 red winter wheat in federally licensed warehouses (in deliverable position) as of December 10th amount to 2,740,700 bu, an increase of 46,000 from the previous week but only down about 234,000 from the peak last September 10th.

The world soybean production is estimated at 501 million bu this season compared with 558 million a year ago and 464 million, the 1935-39 average. U. S. production of 215 million bu compared with 220 million last year and 56 million prewar. China proper (22 Provinces) produced 179 million against 210 million last year and 207 million prewar. Manchuria raised 66 million this year against 151 million prewar. There is no other important world producing area.

Primary receipts of wheat today totaled 340,000 bu vs 450,000 bu last week, and 850,000 bu comparable day last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 152,000 bu.

Both the Kansas and Nebraska weekly crop reports again point out that precipitation was light during the week, and although the wheat has had sufficient growth to protect itself against the weather, and has deep roots, some effects of dry weather are showing up, and moisture in the soil before winter sets in would prove beneficial, and be an additional insurance for survival.

Selling of the nearby futures was rather noticeable particularly in the December, causing December to sell at a slight discount under March. Flour business in the Southwest was reported as very slow, with only small inquiries, and very little is passing at the moment for export. However, from the Northwest we understand that large sales have been made by spring wheat mills, with sales of family flour in the Northwest quite brisk. The backlog of orders has increased somewhat, but still not as satisfactory as it was earlier in the crop year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 15, 1949

The Liverpool Corn Trade News has now revised its estimates of wheat and flour import requirements for the 1949-50 season to 820 million bu, which is a reduction of approximately 100 million bu from last year. They attribute the reduction to better European crops and the scarcity of foreign exchange in many countries. In making up their estimate they have reduced shipments from the U.S. to 328 million bu, or 129 million less than last season. We are listing below their estimate of expected shipments from the five major exporting countries as compared with last season:

	ESTIMATED EXPORTS		LAST SEASON'S SHIPMENTS	
Canada	240 million bu		231 million bu	
United States	328	"	457	"
Australia	120	"	120	"
Argentina	92	"	61	"
Russia	40	"	42	"
TOTAL	820	"	911	"

[illegible] Broomhall confirms that under IWA Canada is now eliminating in her quotations the 5¢ carrying charge, making their price at Ft. William $1.98. This is the only concession that has been made by our neighbor to the North, although importers seem to be holding back, waiting for prices closer to the minimum of $1.68 per bu. Many countries are going to the Argentine for supplies where foreign exchange is available. Speaking of world prices and the situation in which the U.S. finds itself, Broomhall comments that for some time past prices of Canadian "free" wheat -- that is, any wheat sold other than under the Anglo-Canadian agreement, or IWA, has been below the open market price in the U.S., and Canada has benefited considerably by the discount under our market level. In a comparison of price of our #2 hard wheat FOB gulf compared with #1 Northern Manitoba FOB Montreal, the premium for American wheat has been running from 4 to 7 5/8¢ for many weeks. He feels the fact that hardly a single country has been prepared to expend Marshall aid dollars on American wheat at the full Chicago price has cast gloom over the entire future of American agriculture, in view of the high price-support program to which Congress is committed in the U.S. He further feels, "The fact remains that an American wheat export trade of, say, only 300 million bu annually, is threatened by the domestic support program and the lack of competitive flexibility that such a program places on export sales." Whenever planning is resorted to, there are always secondary consequences, or at least repercussions. Part of the Marshall Plan is apparently to increase the flow of European goods into the American market. It would appear that this is necessary as long as we are a creditor nation. However, the program is apparently meeting with opposition from the American Wage Earners' Protective Conference, which is an organization of the American Federation of Labor Unions. They feel that many of America's smaller industries are threatened by an increase of heavy competition from England, blaming the Marshall Plan and a State Department drive for increased European exports. This organization has called a meeting for next month, to which they have invited management representatives of a number of industries.

Primary receipts of wheat today totaled 748,000 bu vs. 1,093,000 bu last week, and 1,885,000 bu last year. So far this week wheat stocks at Minneapolis and Kansas City show a net decrease of 293,000 bu.

There had been rather heavy tenders of wheat before the market opened this morning, which at least had a psychological effect. However, so far there seems to be no indication of this wheat going around. Otherwise, there was nothing in the overnight news, and no additional export inquiries seem to be in the market at the moment. The CCC remains on the sidelines, except for a purchase of about 203,000 bu through their Portland regional office. Flour sales are again extremely light, although the PMA are asking for offers for acceptance overnight of 230,000 cwt. The wheat and flour exports from the U. S. for last week were listed by Broomhall as 3,492,000 bu, bringing the total since July 1st to 148 million bu.

Bookings of corn from the country have picked up somewhat, particularly shipment by barge, as points near the river are paying a price which nets the farmer $1.22, and apparently is getting more in line with producers' ideas.

The market for products of soybeans remains indifferent, with some weakness showing in meal prices.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 16, 1949.

In another few weeks we shall complete the first half of the crop season with respect to wheat. We have known for some time that with a larger carryover and a good-sized crop we would probably have a larger reserve next July, but from the figures that are now being published by BAE, we are in position to come to some conclusions, which heretofore were more in the form of rough calculations. It has been known for quite a while that our domestic disappearance would probably be much the same as last year, and certainly a heavy reduction from those years when we were feeding wheat heavily to livestock. For the first three months the disappearance of wheat was 304 million bu compared with 335 million a year earlier and 322 million bu in 1947. Of this quantity about 83 million bu was exported as grain out of a total of 124 million bu wheat and flour. The government was rather ambitious in its preliminary estimates as to how much we would ship abroad, figuring that totals would not be much smaller than the half-billion bu quantity we were able to clear the season before. It now becomes more apparent that even though we are furnishing about 50% of world shipments, European requirements are showing a lessening tendency, and that, therefore, the surplus countries are going to have a more difficult task than they did in those years of heavy demand. BAE has stated that total exports this season of wheat and flour from the United States, Canada, Australia, and Argentine may total 850 million bu compared with 908 million last year. Other countries, including the Soviet Union, may possibly ship from 50 to 75 million compared with 50 million in the past two years. It is still hoped that our own shipments may total 400 million bu, which would be a reduction of approximately 100 million bu from the season before. Broomhall, however, is less optimistic. Even if we do attain that goal, it would still be very large in comparison with prewar years, but we must not forget that for six successive years we have had billion-bushel crops in this country, and even with somewhat reduced acreage, there is the possibility that we may have a similar condition next summer.

In a general way export business has become more difficult for the United States since the sterling block countries have devalued. In the last two months there have been great changes in South America. We are referring now more to mercantile conditions than those surrounding cereals. However, the ships leaving the U. S. are going out with much lighter cargoes. In some cases, the propellers are half out of water, and the difficulty for Argentines and Brazilians to obtain dollars has become greater. While prices for coffee have been high quantities we are importing will undoubtedly be smaller due to poorer crops. The many restrictions that have been placed upon the foreign buyer have grown so intensively that import permits are becoming more difficult to obtain. By the same token many South American countries that have surplus goods will try to export on a heavier scale in order to reach a more favorable trade balance. This should be particularly true in Argentina. She has dropped her wheat export almost in half from former days, while Australia is furnishing only about 6 to 10% of world requirements, whereas formerly 15 to 18% was more normal. Part of the reason for this is that the producer, and particularly so in Argentina, is not receiving the full benefit of high prices. While prices obtained by the Argentine government are still relatively favorable the farmer is getting a small proportion of what he should get as the balance is taken into the public treasury and used for other purposes. Thus acreages have been declining while in some cases land has been neglected, and land owners with resources have bought additional cattle, which has been more profitable than the selling of grain to government agencies. Fertilizers, which had to be imported, were difficult to obtain, while tractors and other farm machinery are practically unheard of to the extent we know them in this country. Therefore, with rising wages and farm labor obtaining more, it has not been very profitable to produce wheat. The same, of course, is not true in Canada, and she has maintained a rather even percentage in wheat shipments, furnishing about 23% of world needs in the last two years, although even this is somewhat less than she was able to accomplish in former years.

Primary receipts of wheat were light, only 513,000 bu compared with 769,000 bu last week and 1,203,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 321,000 bu. When the visible is posted on Monday, it will compare with a shrinkage last year of nearly 5 million bu.

Wheat prices were rather firm depsite the November exports showing a dropping off and amounting to less than 20 million bu compared with 29.8 million bu a year ago. The total since July 1st is 140.6 vs 231.9 in 1948. There was great indifference in corn despite the fact that Austria is expected to buy some corn early next week.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

December 19, 1949

It is rather common to have firm markets during the holiday period. First of all, farmers' deliveries are generally light, and this has been particularly true during the past few years when many of them have been waiting for the new calendar year before making additional deliveries of grain to country stations. Income tax considerations have played an important part in their psychology, but even before this was the case it was generally a time when thought was directed toward other matters. This being the case we find that there is no particular pressure in the market but by the same token there is not much new buying coming into the market, although December wheat acts rather tight, and apparently some who are long are still waiting for tenders. There will only be one trading day left after this to even up contracts in the pit. Therefore, some erratic changes are to be expected with the open interest still large.

After the close of the market today we shall have a government report giving estimates on last year's production, and for wheat this is generally a summing up of what has been more or less expected, so that no great changes are likely, although for corn there may be further reductions as the borer and high winds prior to harvest are said to have taken a considerable toll; thus the final results should be considerably lower than early estimates. As we view Canadian statistics, there are several matters that appear to be interesting. First of all, shipments of wheat and flour since August have reached 95 million bu compared with only 71 million for the same period last year. During the last several weeks clearances have averaged about 6 million bu per week. According to Sanford Evans there is still 230 million bu for export and carryover at the end of July. All of the grain shipments, however, have not gone to European destinations, and we find that our own country is taking some of their surpluses. For example, the week ending December 1st, we imported 905,000 bu of oats from that country, and since the 1st of August, which is their calendar season, we have taken a total of 7 3/4 million bu out of total exports from that country of 10 million. Likewise we have been one of their best customers in barley and have taken virtually all the 8 1/2 million bu which they have sent out. The same seems to be true of the 7 million bu rye exported from Canada, of which about 6 1/2 million has come to the U.S., so that all in all we have been one of their good accounts for cereals with the exception of their wheat, which seems to be going largely abroad.

When our market opened this morning, it was a little influenced by moisture that had been reported in Illinois and in some sections East of the Mississippi. However, there is nothing much to report fromthe Southwest, although our own weather man believes there may be some precipitation by Tuesday night or Wednesday, but it is difficult to say whether the quantity will be satisfactory. Tomorrow the government will make an estimate for the 1950 wheat crop, and, of course, reductions are likely: first, because the acreage has been cut, and secondly, due to insufficient moisture during the past few weeks, although the subsoil moisture is still adequate. Some of our friends in Oklahoma and Texas tell us that the plants appear healthy and that cool weather may have retarded or eliminatedgreen-bug damage.

The Department of Commerce made a report today on the situation in fats and oils, and if the total of new supplies is realized at 11.9 billion lbs in the 1949-50 period, it would be sufficient to provide for a per capita consumption of 68 lbs, which is slightly more than the year before,and would still leave 1 1/4 billion lbs for net exports or increase in domestic stocks. From the present outlook, shipments abroad will be considerably below last year's record of 950 million lbs.

Chicago stocks of wheat decreased 339,000 bu leaving 9 1/2 million bu here. Total visible showed a shrinkage of 1 3/4 million bu. Corn increased nearly a million bu, and some encouragement lay in the fact that rye stocks declined 544,000 bu, but not too much attention was paid to this as there are still 3 1/2 million bu afloat in Chicago.

Trade today was only moderate, but with no particular news to stimulate the market, most cereals were weak. The exception was December corn where a premium of 2 1/2¢ was paid in the sample market for #2 yellow; otherwise, there seemed to be a general indifference and even December wheat finally yielded some ground as the deferred months declined. Friday's sheet showed 6 1/2 million bu still open in December wheat, and, therefore, we may have some excitement tomorrow until trades are closed. Beans were quite weak probably influenced by the government statement on fats and oils.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 20, 1949.

After the close of the market yesterday the government issued its report making final estimates of the 1949 crops. This is now the sixth consecutive year that we have raised more than a billion bu wheat, and there was no particular surprise in that connection, although the final figure showed an increase of 20 million bu over the earlier estimate. In view of this, total spring and winter wheat production is 1,147 million bu, which is the fourth largest in our history, and accordingly we shall probably have a larger reserve stock at the end of the crop year than previously expected by the amount production had increased. Likewise if our exports are lower than those estimated by the government, we shall have further additions to the carryover in our final calculations. There was little change in oats, but some surprise was afforded in beans, as government figures raised the estimate to 222,3 million bu, which almost equals last year's crop of 223 million, which was the record for all time; thus we have to contend with about 7 million bu more than had previously been figured. Corn probably furnished the greatest upset, as many people expected that there might be a reduction of 100 to 200 million bu from earlier figures. This was based on the belief that the corn borer and heavy winds had taken quite a toll. Chances are that many people will still argue with the official figures, but yet for the time being we are inclined to accept them because the government has such a vast number of people in the field doing this work that we see no reason to find fault with their accomplishments. There are probably close to 90,000 persons who help compile the data, and generally they have better means of trying to gauge actual conditions, as they find them, than a few individuals who make a cursory examination here or there.

In any case there was a little bearishness expressed in the market when we opened this morning, although declines were not sharp and actually wheat held comparatively well, probably for the reason that the December longs were sitting tight, and there seems to be a chance that on tenders which have been made during the month some of this wheat will be moved out of Chicago, which brings up another consideration: namely, as to what effects we shall feel in our market for the March and May deliveries. Of course, this is going quite a distance ahead, but contract stocks in Chicago might easily be reduced rather considerably as the result of the December deliveries, and one must make reservations for this after he knows exactly what is going to take place. It may take a little time to come to proper conclusions. It is almost a foregone fact that we are going to have marketing quotas for corn. The Secretary of Agriculture has rather wide power in his determination. After reading several passages of the law, both the Agricultural Adjustment Act of 1938 and the Amendments, we find one rather short sentence, which reads as follows: "In determining normal supply, the Secretary shall make such adjustments for current trends in consumption and for unusual conditions as he may deem necessary." It is also stated that with respect to the 1950 crop of corn the determination and proclamation required shall be made prior to February 1, 1950; but it is our understanding that some word may be had before end of the year. The Grain and Feed Dealers National Association has in mind that Washington may report about December 28, 1949, in which case we shall not have to wait much longer on this very vital issue. Another factor was the possibility of rain turning to snow in the Southwest while it seems quite likely that there will also be precipitation in the East, and many sections there could stand a good, soaking rain. As far as we can learn, no moisture of consequence has been received yet in Oklahoma, although reports are to the effect that present weather is generally cloudy, foggy, and damp.

Primary receipts of wheat were a little bit better today and amounted to 831,000 bu compared with 876,000 bu last week, and 1,191,000 bu last year. Net changes in Kansas City and Minneapolis stocks were nominal. Because of the fact that the nearby position in wheat expired almost at the day's high, there was some firmness in that cereal. Likewise, corn showed a very good undertone, probably for the reason that there was no particular pressure and the spot market was again very firm. Russells' of New York said it looked as though Austria had taken 6 cars of corn. This, too, was a stimulating factor and the yellow cereal behaved well considering that the government report took many people by surprise. There was quite a little weakness in beans, particularly the December delivery. Starting tomorrow May beans will become the current trading future and will be handled on top of the pit.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 21, 1949

The International Wheat Council prepares data and statistics showing quantities of wheat and flour handled through IWA since its inception on August 1st of this year. Apparently they have not had too much work for the reason that quantities have been rather small, and, indeed, disappointing, based on the amounts presumably to be furnished by each of the exporting countries. In other words, from August 1st to December 9th, the total handled under the agreement was 66.1 million bu, while the total allowed for the five exporting nations for the season was 456.2 million bu. Thus it does not appear as though the scheme would be a great success. We tabulate below amounts that each country is permitted to sell during the crop year, and also, the business consummated to-date, which we believe should be of interest:

COUNTRY	GUARANTEED QUANTITIES	SALES 8/1 - 12/9/49
Australia	80,000,000 bu	17,086,610 bu
Canada	203,069,635	25,086,555
France	3,306,934	1,102,311
U. S. A.	168,069,635	22,877,524
Uruguay	1,837,185	---
TOTAL	456,283,389	66,153,000

We are not very much surprised at the outcome, and in fact, the writer who spoke before the Chicago Association of Commerce and Industry nearly a year ago made this statement: "Price stability and equity raise problems of purchasing power or exchange value. Unless prices for goods and services, other than wheat, can be stabilized in equitable relationships to wheat prices, wheat prices may be stable but they cannot be equitable. This question involves the whole field of commodity prices, labor costs, taxes, rate structures, etc. It is much too complicated a problem to be solved by agreed international prices for wheat. As long as our wheat continues to move out under the Marshall Program, there seems little to be gained by tying our hands to the many limitations and restrictions of a five-year agreement....Moreover, it is doubtful if agreements which attempt to forecast prices and price ranges over a long period of years can successfully resolve the conflict of interests between buyers and sellers." We fervently believe that there is no substitute or improvement for the open market, which has so successfully in the past moved the entire crops into consumptive channels without a shortage and without burdensome carryover at the end of the season. This was always best accomplished through proper price relationships.

When our market opened this morning it was naturally influenced by the second government report issued after the close yesterday, indicating a 15% reduction in the winter wheat acreage, but at the same time condition of the wheat plant was actually higher than last year. Thus it is felt that we may have a crop of 884 million bu winter wheat next summer compared with 901 million bu last season, which is not much of a reduction, although, of course, it is very early to state what is going to occur between now and harvest. In any case trade was quite impressed by the fact that condition was six points higher than last year in view of so little moisture during the past two months. However, subsoil moisture apparently was very good, and since the report was compiled there has been rather general but light precipitation in the Southwest, mostly in the form of snow and sleet. Messages from the winter wheat belt this morning were more optimistic, particularly as more rain or sleet is expected for Oklahoma, central and eastern Kansas. The soft winter wheat belt has been better favored; therefore, prospects seem to be optimistic for the start of the crop, with the result that July wheat is now selling at about the biggest discount under May that we have experienced thus far.

Primary receipts of wheat were very moderate, and amounted to only 522,000 bu compared with 340,000 bu last week and 828,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 23,000 bu.

There seemed to be very little buying power in any of our pits today. Apparently some good-sized deliveries are still to be made against the December contracts which expired yesterday, as the open interest in wheat is still 800,000 bu, after giving consideration to today's tenders. There is about 650,000 bu corn still to be settled and about 700,000 oats. Sentiment was somewhat tempered by the fact that rains had fallen over the winter wheat belt, and there seemed to be considerable selling of July wheat, which in turn had a sentimental influence on even the nearby deliveries. Corn reacted with not much selling. There was a report that Norway had purchased 10,000 tons of corn for January shipment, but apparently not many hedges were taken out of the pit. Soybean oil was unchanged today but selling of futures caused the break.

DAILY MARKET LETTER

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CHICAGO, 4

December 22, 1949

There is nothing very bullish in the statistical data of wheat when viewed from the standpoint of world-wide production. Based on the latest available information, 1949 crops for all countries should reach about 6,200 million bu, or an increase of 170 million bu over the five-year prewar average. Europe has not yet fully recovered from the chaotic condition caused by the war, but, nevertheless, raised last summer 1,465 million bu compared with 1,595 million bu during the five-year period 1935 to 1939. North America had a total production 50% greater, of which 367 million bu was raised in Canada, and this compared with 312 million bu before the war. The big increases, of course, have been in the U. S. and during the past six years we have had more than a billion bu each year compared with only 759 million bu average prior to the war. Last summer's crops in The Netherlands, Belgium and Denmark were better than those experienced for many years and to some extent offset the drought in Spain and Portugal where below average yields were recorded. Likewise the Balkan countries had smaller crops, which in most cases ran below average. In all these calculations we are not taking into account increased population, although to some extent this is probably offset either by rationing or by smaller per-capita consumption.

The trade still has in mind that last February after the loan had run out and farmers were no longer able to avail themselves of this security, we had a very drastic break in price. Also, at that time our government which had bought so heavily during the early months of the crop-year, suddenly decided they had enough to take care of most European needs, and support from that source fell off materially. We have a somewhat different situation at the present time because the loan in wheat has been extended to January 31st, or one month longer than a year ago. Moreover, the early purchases by CCC have not been heavy this year, although the amount they acquired through defaults was large, and furthermore, it hardly seems likely that our total shipments will exceed 350 million bu, although experts with the Department still hope that we may be able to clear a larger quantity, and the figure of 400 million bu is often used, but we have grave doubts whether they will be able to reach the higher goal.

Very shortly there will be the new Southern Hemisphere crops with which to contend and indications are that an outturn of 475 million bu is likely. Conditions in the Argentine wheat areas point to above average yields from a considerably below average acreage. Production in Australia is estimated to be about the same as in 1948 when crops were somewhat better than usual. It seems difficult to stimulate any increased interest in the Argentine acreage so long as the farmer gets a poorer price than that obtained for the grain abroad, particularly with higher labor costs and so little farm machinery with which to work.

Further moisture was reported in parts of the Southwest, and generally speaking recent precipitation was probably a little better than we had mentioned in our yesterday's letter, while over the Central States the slow rains have penetrated the soil, particularly as there seems to be very little frost in the ground. Colder weather now seems to be in the offing.

Primary receipts of wheat were light, and amounted to 504,000 bu; this compared with 748,000 bu last week, and 1,063,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 106,000 bu.

Our markets were rather weak early, the carryover feeling was bearish, and as we stated earlier, many people wonder whether there will be a repetition of last year when we had such a severe decline. The open interest, with the exception of beans, is not particularly large in any of the cereals considering the size of the crops. Later in the session, when one of the agencies advised buying rye and beans, there seemed to be short covering, and a healthier situation all around. There was also an unconfirmed rumor that Denmark had bought 9,000 tons of corn for January shipment via the gulf, and we heard of some export business in wheat to South America.

On the whole trade was not large, and at times the pits seemed deserted, with long intervals between trades. Therefore, the character of orders had much to do with the recovery, although corn was reasonably firm throughout, with the feeling that feeding operations this year are going to be large particularly with so many hogs to feed.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 23, 1949.

There was very little grain news overnight. Weather had turned rather cold over most parts of the country, but in the winter wheat states it had been preceded by rather general moisture, in some places heavy, and there seems to be very little concern now. In fact, most people believe that the outlook continues promising, and that weather will probably not be a factor for the next few weeks. Later on, of course, there are bound to be crop scares, but these generally do not come until sometime in February. As a rule the present period is one of firmness for the reason that farmers are not much inclined to sell, and judging from the carlot receipts in Chicago this year is no exception. In normaltimes, January 10th is the calendar period for selling wheat short, and by that time Southern Hemisphere crops are generally moving in volume, probably reaching their peak sometime in March. However, there does not seem to be the pressure any more from that source which we used to have. First of all, much of the grain from the Argentine is bartered, and does not have to be sold as competitively as before the war. Moreover, that country at times has been more inclined to let reserves accumulate instead of adhering to the orthodox merchandising plans which were formerly adopted. Chances are that even with a fairly normal crop, Europe will be in position to take fair quantities from that country, while Australia will sell some of her wheat to Britain, with whom she has already made special arrangements, while other heavy shipments will be destined to the Orient. Argentine, of course, has the advantage of not being included in the International Wheat Agreement. If later on it becomes necessary to cut prices, she has no understanding with the other surplus nations and could undersell to an extent that might be helpful to her in disposing of larger quantities.

Our own clearances are running small, and for the month of November were considerably below last year. However, with so much being sold on credit or used for occupied countries, Army, Navy, or held in reserve for IWA commitments, the business might be stepped up after the turn of the year, but meanwhile CCC is not at all active, although apparently the grain taken on default from last year's loan is gradually being reduced, and possibly our government is holding in reserve some of its buying power for the period when farmers are no longer able to take the loan.

There seems to be a generally bearish sentiment with respect to new-crop futures on the theory that the next loan will be lower and that we are again going to have a billion-bushel crop with a much larger carryover. However, most of the selling of July wheat seems to be against purchases of the nearby deliveries; thus the spread is widening and many people still feel that with such large quantities impounded, we are going to have to have price advances later on in order to bring about redemptions. There seems to be a better demand for corn to be shipped out of Chicago, and several lots have been sold to go East. Besides this, feeding this year is bound to be sizeable. The 1949 pig crop totaled 96.3 million head, which was an increase of 13% over last year. We were able to consume about 3 billion bu of corn last season, including the amount exported, and very likely some increase will take place in the year ahead, so that even with another bumper crop we may not add too much to our carryover reserve next October.

Primary receipts of wheat were a little larger, amounting to 605,000 bu compared with 513,000 bu last week, and 1,112,000 last year. So far this week Kansas City and Minneapolis stocks show a decrease of about 200,000 bu. When the visible is published next Tuesday, it will compare with a shrinkage last year of 1 3/4 million bu.

We had more or less of a holiday market, with firmness in coarse grains, and not much in wheat, with an early break being followed by a recovery. Looking at the moisture for the three months from September through November, we find that Kansas is below normal, being only 79%, but Oklahoma and Nebraska are nearly up to par, with Texas slightly over. Missouri is 117% of normal. Not much attention will be paid to weather for the next few weeks, and we are rather inclined to look for few changes in wheat until after the turn of the year. According to Southwestern Miller, #1 ordinary hard winter is selling 1 to 2¢ under the loan at Kansas City, and there is almost a total disinclination to part with grain. Even in Texas where prices are practically at the loan, plus charges, farmers are not inclined to sell much. This shows how important the artificial influences are in wheat, and of course, the same is also true of other cereals.

WE WISH YOU ALL A VERY MERRY CHRISTMAS.

DAILY MARKET LETTER

MEMBERS:
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CHICAGO, 4

MEMBERS:
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CHICAGO MERCANTILE EX.

December 27, 1949

There was some light precipitation reported over the holiday in parts of Kansas and Oklahoma, but it was rather inconsequential. However, East of the Mississippi River, and particularly over the corn belt, rain and sleet added to the moisture reports which had previously occurred, but on the whole weather does not seem to be much of a factor at this time. The holiday is not yet over insofar as grain markets are concerned, and while receipts in the Southwest were a little heavier for wheat, there was no particular pressure, and if anything, mills were inclined to be a little more aggressive, probably for the reason that there is some flour business passing and up to now the industries have been going more or less from hand to mouth, particularly as cash wheat is bringing a good premium over the May deliveries. Thus with inverse carrying charges, nobody is anxious to carry a very big stock. Corn bookings to Chicago were also a little heavier, but not enough to bring many new hedges into the market, and there seems to be enough export business from time to time to sustain values pretty well. When the canals are closed next month for repair work we look for smaller barge deliveries here, and since this has been a factor for some time, we may expect less pressure on the market from that source, although it is altogether possible that there may be a secondary run of corn after the next income tax period starts, although feeding is bound to be heavy, and the present ratio of corn to hogs is entirely satisfactory. There is some talk of stabilizing hog prices on basis of 12 to 1, so that with a fairly high loan hogs would bring a sufficiently good rate to encourage operations, although we think this is already true, and our beliefs are confirmed by the larger hog population which was recently reported.

There is likewise some talk that the Secretary of Agriculture may announce shortly corn allotments, and a reduction of 12% is discussed in some circles, but there is no certainty yet that the Secretary will make his announcement before February so that this factor may remain an open question for some weeks yet. On basis of the cut in wheat acreage and granting normal weather, we are likely to have 885 million bu winter wheat next summer, which would be only 2% less than the last crop. However, it is too early to make definite forecasts except that one may be sure that farmers are using their best land and are also planting more on summer-fallow, so that abandonment is apt to be relatively low. It is estimated that it may be less than 7% of the planted acreage, and that the per-acre yields might run close to 17 bu to the acre. While little is said about rye because of heavy imports from Canada, we should call attention to an increase in the acreage for next summer's crop of 12.4%, part of which may not be harvested. The December 1st condition was above average; therefore, we are apt to raise more nearly our home needs, but the one thing that has been very disappointing is that foreign demand has been so slow, and little has been taken thus far from North America.

Food prices have declined moderately during the present quarter, and these reductions in the average family budget probably more than offset increases in clothing and price of house furnishings.

When the visible supply of wheat was posted there was a decrease of 2,870,000 bu. Chicago stocks showed an increase probably due to grain that was brought here for delivery purposes. Total wheat stocks are now 195.7 million bu, which is 70.3 million bu larger than last year. The total corn visible increased 1.6 million bu. Total stocks are 48 million bu, which is 4 1/2 million more than was on hand last year. Oats was about a stand-off. There was a small decrease in rye, while bean stocks went down about 1/2 million bu.

After mid-session, all grains showed easiness, led by soybeans with one of the local elevator concerns a rather heavy seller while professionals followed suit. Corn weakness probably was due to heavy selling of May and July contracts, also by an elevator concern, with the offerings taken largely by locals who later sold out. March corn was relatively firm in response to good premiums still paid for cash corn. Sentiment did not seem to be quite as bullish as recently and the general talk is further down-trend in farm product prices and income during the coming year. Cash receipts from farm marketings in 1949 will total about $28 billion, which is 9% less than in the preceding year. One of the authorities on the subject is forecasting lower prices next year with a decline of about 10% in cash receipts which would bring the total to about $25 billion. Reduced receipts are indicated for nearly all commodit groups, with fruits being a possible exception.

There was no important buying today, in fact, trade was rather moderate and this was true in all pits. However, we believe that artificial influences cannot be overlooked and that recessions will not be far extended. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 28, 1949

There was not much in the way of grain or weather news overnight. The carryover feeling was somewhat bearish probably for the reason that yesterday's declines occurred with so little selling except that which came in corn and in beans by a local elevator concern, indicating that there was not much cash demand and apparently some new stimulation is needed before our markets can show much recovery. We expect before long that the government will give us new figures on the amount of wheat impounded. This, of course, will only be part of the story, inasmuch as farmers have until end of January to take advantage of the loan. Furthermore, there is always a lag in reporting, and many of the country banks are not too prompt in turning in their reports for a final compilation. Some people believe that with a declining tendency in the market, and with the additional quantities that will go into the loan, we may finally have as much wheat tied up as we are going to carry into the next crop on July 1, 1950. This, of course, could give us a tight situation as we gradually eat into our reserves, although for the time being there seems to be enough free wheat on hand so that with the day-to-day buying by mills, there is no immediate shortage. Later, of course, if the price advanced, redemptions would bring more grain back into the free market; thus it is difficult to tell what the relationship should be between May and July. For the moment a good many people feel that a further widening is likely. There has been quite a little selling of the new-crop futures by local traders, who are impressed with the fine outlook for next crop. They also reason that with the lower loan for next year and the large quantity we are going to have in the reserves July and September wheat have much less merit, and it looks as though anyone who is at all bearishly inclined is probably making his commitments accordingly. If the market goes down it naturally has a bullish influence on the cash wheat basis, and premiums at Kansas City were somewhat higher while gulf wheat does not seem to decline in relation to futures, in fact, has actually been higher.

Broomhall quotes Argentine wheat at $2.14 FOB in the equivalent of our money, which he calculates would amount to $2.37 cost and freight delivered in Switzerland. In view of the fact that our wheat would be about $2.42 FOB Galveston, it shows the competition we might encounter from a country which has not joined the other exporters in IWA. Already Sweden is said to have purchased 50,000 tons Argentine wheat, while Britain is also inquiring. Japan will ship goods to France in exchange for 3 cargoes of Argentine wheat, and thus, with the Southern Hemisphere crops soon available we are bound to feel at least to some extent pressure from that source. Under these conditions it is not likely that we are going to reach the goal of 400 million bu for export so often mentioned by our government. It is significant, however, that despite the difficulties due to monetary devaluations and other causes, the value of our agricultural exports this year will amount to about $3.7 billion. However, this is largely a matter of credit or gifts, and so we are not in position to know how much smaller shipments would have been under ordinary circumstances.

Primary receipts of wheat amounted to 594,000 bu; practically the same as last week, and slightly more than last year. Today's figures were not complete as Wichita was missing. Kansas City and Minneapolis stocks so far this week show a total decrease of 162,000 bu.

There was pretty general selling in all pits, some stop-loss orders were uncovered, and one of the agencies in the East recommended selling beans and wheat. This gave us quite a weak market for a time, but after the selling subsided fair recoveries took place. The Southwestern Miller stated that there was a tightening tendency by producers, which might even become intensified if futures decline further. Current wheat prices are several cents below the 1949 loan, which, of course, is one of the main influences, particularly since farmers have more than a month in which they can still avail themselves of the government terms. We, therefore, feel as we have right along, that one cannot overlook these artificial influences.

March corn, while weak at times, showed relative strength when other grains recovered, and it was thought that Holland was inquiring for both corn and oats, although no business has developed as yet. Beans, of course, are susceptible to the selling which has taken place during the last few sessions; the open interest is very large, and thus the market is vulnerable, but the same may also be true on the constructive side if there should be any improvement in demand, although for the time being processors seem to be well supplied.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 29, 1949.

We regret that we have to report again that there was no news pertaining to either weather or markets overnight. This is very often a season of the year when incentives are lacking, but, of course, we have to bear in mind that before long pressure from Southern Hemisphere countries is bound to be felt, although Argentina will probably raise 40 to 50 million bu less wheat than in normal times, this being due to a decrease in acreage, general neglect of land, and discouragement on part of farmers owing to the fact that they are not getting as much money for their crops as farmers in other countries. The government is paying them much less than is actually received through exports, which has brought about discontent, and under these conditions there is no reason for acreages to be stimulated in the foreseeable future. Nevertheless, that country is not bound by the International Wheat Agreement, and accordingly can sell at whatever price she wishes in foreign markets, or also, may barter, which may create some hardships for other exporting countries. We cannot see any evidence whatsoever of our business having been increased since the International Wheat Agreement was entered into, and in fact, we rather feel that we have suffered by the Act in view of the fact that certain advantages are given to other countries, and if we were to make a forecast now we would doubt whether total wheat and flour shipments for the entire season would be much above 325 to 350 million bu. All of this may not be attributable to IWA for the reason that agricultural conditions in Europe are gradually recovering, but certainly part of it is due to the fact that our outlet has been limited rather than broadened.

When our market opened this morning there was a little selling, and we must admit that there are no new issues in the market, but we are still feeling the effects of artificial influences, and in wheat, with prices in most regions below the loan, farmers are loathe to sell. They have until end of January to make up their minds. Therefore, there may not even be a rush after the new calendar period to market grain, and thus we are inclined to feel that there will be a fairly steady tendency for at least thirty days yet. This should leave comparatively little wheat for the free market, although some is gradually coming out in the Southwest on basis of about $2.40 Galveston, but yet quantities are not heavy; consequently, there are not any great number of hedges coming into thepit. Those who carry cash wheat find it very difficult to know where to hedge. March wheat in Chicago is still the highest future and is ruling about 6¢ over May, but nobody can tell to what extent these supplies of red wheat will be depleted during the next three months. Therefore, if wheat is protected through sales of May at a big discount, it is not very attractive and the net result is that both elevator concerns and mills are carrying moderately small stocks rather than to take any undue chances. This would naturally mean that any improvement in demand would be pretty quickly reflected in the market.

Broomhall, reporting on European conditions, believes that colder weather in western sections is needed now to check rank growth. Moderate to fair rains over Central Europe have occurred and the outlook is promising. The U.K is expected to have 2 1/2 million acres sown to winter and spring wheat compared with less than 2 million for 1949. He also claims that the Soviet Union is expected to offer large quantities of oats to the Continent shortly.

Primary receipts of wheat were only 405,000 bu compared with 504,000 bu last week and 770,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 314,000 bu.

There was little feature to our markets today. While some export business was reported in corn, quantities were not heavy, whereas in wheat demand was poor, both domestic and foreign, and current bookings by mills are well below 50% of capacity. Generally speaking, this does not improve much after the turn of the year when so many of the mills close down for inventory but it may be somewhat different this year as much of the recent business has been from hand-to-mouth. While there was some weakness displayed early markets showed a little more resistance than yesterday to the few small selling orders that came into the pit. Cash corn remains strong and this seems to be a stimulating influence but speculative enthusiasm is at low ebb, and consequently, markets are rather uninteresting. Soybeans were mostly firm although the demand for meal does not show any improvement, and for the time being there can be no great confidence but the open interest continues large and suggests that holders have faith in the final results. Much of this is predicated on what happened late in the season last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 30, 1949

Another year has drawn to a close, and again we played a most important role in furnishing grain to a hungry world. The demand was less keen owing to the fact that agriculture in Europe is gradually recovering from the chaos of war. Nevertheless, it is figured that we may ship anywhere from 350 to 400 million bu wheat and flour during this crop-season, which would be 3 1/2 or 4 times the quantity we averaged in the period 1930 to 1947. Probably the most important factor during this turbulent year was the monetary devaluation which took place in the sterling-block countries, as well as in Latin America. While in theory it was intended to increase their exports, actually it has made it more difficult for those countries to obtain dollars. As a result normal exports from the United States have suffered.

Despite this fact American agriculture prospered, and cash receipts from farm marketings will probably total about $28 billion, which is only a decline of 9% from the preceding year. It is likewise hoped that foreign demand for American farm products will continue at a high level in 1950, limited for the most part only by the dollars available to foreign purchasers. The value of agricultural exports during the year is estimated to be about $3.7 billion, of which almost two-thirds was financed by the two major foreign aid programs: namely, ECA and Army Aid for Civilians in Occupied Areas. Not only have our farmers prospered in the amount of goods that has been sold but they have also enjoyed another year during which farm real estate ruled relatively high, so that any producer who wishes to liquidate his holdings could do so to very good advantage. Farm real estate is worth $65.2 billion, or nearly twice as much as in 1940. It is true that there have been some minor declines since 1948, and at the same time there has been no wild speculation in land, such as took place following World War I; therefore, sharp declines are also unlikely. In past years, volume of farmers' short-term debts usually has followed the trend in farm income, and it is a fact that farm debts are now low relative to income, although there has been some increase. On the whole farm mortgage debt is currently about 22% less than in 1940, which is surely a favorable factor in the outlook for agriculture in the years immediately ahead. It can also be stated that farmers are in a strong financial position, which is confirmed by the fact that total holding of currency, bank deposits, and savings bonds amount to nearly $20 billion, which is approximately five times as great as it was before the war.

Despite all this optimism, we believe the need for free, open, and competitive markets is greater than ever. Due to certain artificial factors, our corn surpluses have been accumulating and the carryover reserve lastOctober was 815 million bu. This necessitated building of storage and temporary structures by the government, with about 250 to 300 million-bushel capacity of steel, aluminum, and wooden bins having been placed in the country to take care of these added reserves. This was followed by another large corn crop estimated to be the second biggest in our history. While it is true that feeding operations will be tremendous owing to the enormous hog population, nevertheless, we cannot continue to pile up surpluses without having a day of reckoning. Fortunately, there seems to be a fairly adequate demand from abroad as European feeders seem anxious to restore herds that were depleted during the past five or ten years. We note that even in those countries where futures trading has been abandoned, there seems to be a tendency to try to reopen markets. The British government little by little is giving up the bulk buying of commodities, is reinstating open markets, and placing commodities back into the hands of merchants, so that prices will be influenced more by supply and demand factors. Just recently the rubber market has been reopened, as was also the metal market, including tin, copper, lead, zinc, platinum, etc: also, the fruit market has been re-established. It is expected that the cotton market, too, will function in a matter of weeks. Many have expressed the opinion that it may not be long before the Liverpool Corn Trade Exchange will likewise be used again for commercial transactions. In Argentina, where grain is handled almost entirely by the government, there is great dissatisfaction on part of farmers who are not getting what they regard a proper price for their grains. As a result land is being neglected, acreages have been reduced, and the situation is unhealthy, even though fairly good crops are being raised this season due to propitious weather. As yet nobody has discovered a substitute for the free marketing system. We believe in this country that through education and enlightenment even our legislators are gradually beginning to see the light of day.

WE WISH YOU ALL A VERY HAPPY NEW YEAR. UHLMANN GRAIN CO.